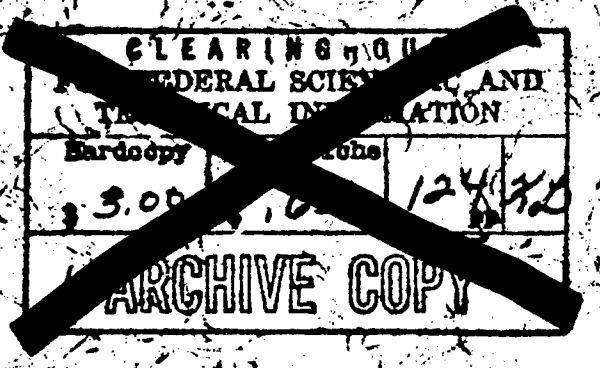

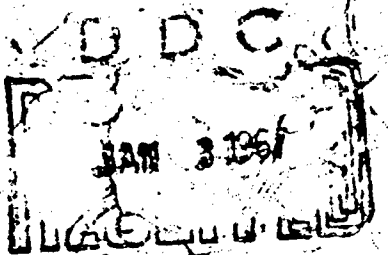

CLASSIFICATION MANAGEMENT: AN ANALYSIS OF THE NEED FOR SUCH PROGRAMS IN DEFENSE-ORIENTED COMPANIES

A Thesis

Presented in Partial Fulfillment of the Requirements for the Degree Master of Business Administration

by

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CHAPTER I

INTRODUCTION

To insure the reader understands the scope and nature of this thesis, it would be most appropriate to define the topic. This is especially true with the term, "classification management." In the early research stage, it was found that no accepted definition of the term existed. Two writers defined classification management as ". . .the DoD's securing the most security for its defense dollar and defense industry's getting the greatest dollar profit for its efforts, while continuing to protect defense secrets."[1] A widely accepted industry authority has described the term as ". . .the system for identifying and placing into its proper classification category all information that requires protection in the interests of national defense."[2] For the purposes of this study and in an attempt to unify the many definitions, the following was adopted: classification management--the application of sound management principles such as staffing, planning,

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[1]Alfred E. Dupell and Richard W. Buxton, "Classification Management: A Joint Effort of DoD and Industry," Industrial Security, X (June, 1966), 8.

[2]Robert J. Rushing, "Classification: A Key to Realistic Security," Industrial Security, VII (October, 1963), 102.

organizing, and controlling to the classifying, marking, inventory, regrading, and destruction of information requiring protection in the interests of National Defense.[3]

The term "defense-oriented companies" is defined as industrial firms utilizing a major portion of their productive capacity for work on classified Department of Defense contracts.

From these two definitions, then, it can be seen that the subject will deal with the TOP SECRET, SECRET, and CONFIDENTIAL materials in the possession of industry and required for use in Department of Defense classified contracts.

I. THE PROBLEM

The handling and storage of classified documents by Department of Defense contractors represents a significant expense to industry. As our technology expands, this will be more of a factor. Classification management, if defined and implemented, can do much to decrease these costs and, at the same time, allow for the dissemination of as much information as possible to the public, without endangering

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[3]However, when this was proposed to the Second Annual Seminar of the National Classification Management Society, critics felt that this was too much of a business-school approach, and thus, not accepted. It is interesting to note that this Society has yet to adopt a formal definition.

our national security.

Examination of the historical development of classification management, along with present-day programs, will demonstrate the need for implementing a full-time program at the management level. Application of sound management principles to classification is largely untried.

The purpose of the thesis is to examine classification management in light of government direction and industry implementation. Criteria for evaluation is in terms of cost avoidance and information flow. The objective is to prove that all Department of Defense contractors holding classified contracts can benefit from a good classification management program.

II. SOURCES OF DATA AND METHODOLOGY OF RESEARCH

Published materials relating to classification management were difficult to find. Department of Defense instructions and directives were used in the analysis of government requirements. Industry pamphlets, directives, and training guides were used in resolving matters of how industry implements the government requirements. Identification of problem areas and proposed solutions were obtained from the professional publications: Industrial Security, Security World, and the Journal of the National Classification Management Society. The array of other

materials is large and varied, but the value of the information obtained was not as impressive. This is especially true with regard to factual information and identification of the "real" problem areas.

Extensive correspondence with classification personnel in government and industry was the first step toward more meaningful data. Then, a comprehensive questionnaire was developed.[4] The questions were reviewed by the Department of Defense Directorate of Classification Management, the American Society for Industrial Security Classification Management Committee, and a representative of the National Classification Management Society. Over 100 copies were sent to classification personnel representing more than 80 Defense contractors. Candid returns from 41 respondents were received. This, along with attendance at the annual seminar of the National Classification Management Society, provided the most valuable and up-to-date information.

The published sources provided the background information. Personal correspondence, interviews, and the questionnaire provided information relevant to the problem areas and proposed solutions.

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[4]See Appendix 1 for a reproduction, discussion, and evaluation of the questionnaire.

III. LIMITATIONS

Three specific limitations must be delineated. First, the thesis contains no material of a classified or proprietary nature. Information dealing with the mechanics of classification is not classified except in a few extreme cases. The information is what is protected and not the methodology. It is a different story, however, with proprietary information. Many firms were willing to give accurate and factual responses so long as the information was not linked to the company name. This request was respected. A few firms were unwilling to provide certain specifics (e.g., the number of classified documents) because of company policy. Due to the rarity of cases in this latter category, this is not considered a serious limitation.

Classified government contracts are awarded by the Atomic Energy Commission, Central Intelligence Agency, Department of Defense, Department of State, and the National Aeronautics and Space Administration. Because the greatest impact and importance is on Defense contractors, this study is limited to Department of Defense contractors holding classified contracts. Thus, classification management will be examined in light of the Department of Defense directives and instructions pertaining to industry programs.

The third limitation concerns a possible bias with regard to the questionnaire. Respondents were selected from the membership lists of the American Society for Industrial Security and the National Classification Management Society.[5] The list was a representative sample. The varying types and intensity of interest in the subject of classification management as expressed by the respondents leads the author to believe that perhaps this limitation is not as serious as first assumed.[6]

The above limitations were necessary to narrow the topic sufficiently to insure a meaningful presentation. None of the limitations are felt to be restrictive with respect to the relevance of the material presented.

IV. DEFINITIONS AND ABBREVIATIONS

In addition to the definitions presented in the preceding portions, a glossary of terms and abbreviations in general use throughout the thesis is needed. Definitions have been selected from the Industrial Security

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[5]For a list of the firms contacted, see Appendix 2.

[6]Participation (membership) in the professional societies does not presuppose interest or activity as much as it represents a status symbol and an opportunity to make good contacts.

Manual.[7] Abbreviations used are those generally accepted in writing today.

Access. The ability and opportunity to obtain knowledge of classified information.

ASIS. The American Society for Industrial Security.

Authorized Persons. Those persons who have a need-to-know for the classified information involved, and have been cleared for the receipt of such information.

Classified Contract. Any contract that requires or will require access to classified information by the contractor or his employees in the performance of the contract.

Classified Information. Official information, including foreign classified information, which requires protection in the interests of National Defense.

Cognizant Security Office. The Defense Contract Administrative Services Region having contract administrative services jurisdiction over the geographical area in which a facility is located.

Compromise. A loss of security resulting from an unauthorized person obtaining knowledge of classified information.

CONFIDENTIAL. Defense information and material, the unauthorized disclosure of which could be prejudicial to the defense interests of the Nation.

Contractor. Any industrial, educational, commercial, or other entity which has executed a contract with a User Agency or a Department of Defense Security Agreement with a Department of Defense agency or activity.

DCASR. Defense Contract Administrative Services Region.

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[7]United States Department of Defense, Industrial Security Manual for Safeguarding Classified Information (Attachment to DD Form 441), DoD 5220.22-M, (Washington: Government Printing Office, 1 July 1966), pp. 2-7.

DDC. Defense Documentation Center.

Declassify. To cancel the security classification of an item of classified material.

Department of Defense (DoD). Office of the Secretary of Defense, Department of Defense agencies, and the Departments of the Army, Navy, and Air Force.

Document. Any recorded information regardless of its physical form or characteristics, exclusive of machinery, apparatus, equipment, or other items of material.

Downgrade. To assign a lower security classification to an item of classified material.

DSA. Defense Supply Agency.

Facility. A plant, laboratory, office, college, university, or commercial structure with associated warehouses, storage areas, utilities and components, which, when related by function and location, form an operating entity.

Facility Security Clearance. An administrative determination that, from a security viewpoint, a facility is eligible for access to classified information of a certain category (and all lower categories).

ISM. Industrial Security Manual.

Industrial Security. That portion of internal security which is concerned with the protection of classified information in the hands of U.S. industry.

Information. Knowledge which can be communicated either orally, visually, or by means of material.

Material. Any document, product or substance on, or in which, information may be recorded or embodied. Material shall include everything, regardless of its physical character or makeup. Machinery, documents, apparatus, devices, models, photographs, recordings, reproductions, notes, sketches, maps, letters, as well as all other products, substances or materials, shall fall within the general term of material.

NCMS. National Classification Management Society.

Need-To-Know. A determination made by the possessor of classified information that a prospective recipient, in the interest of national defense, has a requirement for access to, knowledge of, or possession of the classified information in order to perform tasks or services essential to the fulfillment of a classified contract.

Negotiator. Any employee, in addition to owners, officers, directors, or executive personnel, who requires access to classified information during the negotiation of a contract or the preparation of a bid or quotation pertaining to a prime or subcontract.

Regrade. To assign a higher or lower security classification to an item of classified material.

SECRET. Information or material the unauthorized disclosure of which could result in serious damage to the Nation; such as, by jeopardizing the international relations of the United States, endangering the effectiveness of a program or policy of vital importance to the national defense, or compromising important military or defense plans, scientific or technological developments important to national defense, or information revealing important intelligence operations.

Security. The safeguarding of information classified TOP SECRET, SECRET, or CONFIDENTIAL against unlawful or unauthorized dissemination, duplication, or observation.

TOP SECRET. Information or material the defense aspect of which is paramount, and the unauthorized disclosure of which could result in exceptionally grave damage to the Nation; such as, (i) lead to a definite break in diplomatic relations affecting the defense of the United States or its allies, a war, or (ii) the compromise of military or defense plans, intelligence operations, or scientific or technological developments vital to the national defense.

Unauthorized Persons. Any persons not authorized to have access to specific classified information in accordance with the Industrial Security Manual.

User Agencies. The Office of the Secretary of Defense, Department of Defense agencies, and Departments of the Army, Navy, and Air Force.

Weapon System. A general term used to describe a weapon and those components required for its operation.

V. ORGANIZATION OF THE REMAINDER OF THE THESIS

Chapter two will outline the history of classification and classification management. A presentation of classification management today will conclude the chapter.

Chapter three will be an analysis of the Department of Defense guidance given to contractors and chapter four will present an analysis of existing industry programs. Emphasis in these two chapters will be on current practices and procedures.

The focus of chapter five will be on the major deficiencies in classification today. The effects of classification management and recommendations as to possible solutions will be offered in chapter six.

Chapter seven will contain a summary and conclusions with the bibliography and appendixes following.

CHAPTER II

CLASSIFICATION AND CLASSIFICATION MANAGEMENT TODAY

It seems that as far as one can go back in history, man has desired to retain bits of knowledge for his own use and to the exclusion of others around him. In recent decades, the type and amount of such "exclusive" information has grown beyond comprehension. With respect to government official information:

> Classified documents are being stockpiled at the rate of 1373 feet a week. . .A one million-cubic-foot stockpile of classified documents has been created since W.W. II - three times as much as that created from the inception of the system. . .until 1946.[1]

As our technology expands, the amount of information that is required to be withheld from potential enemies grows at an increasing rate. Unlike information under the jurisdiction of the Atomic Energy Commission which is "born" classified, DoD information must be assigned a classification and a category. How this has developed and the method of handling such information from conception through contract close-out is the subject of this chapter.

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[1]"DOD's Secret Files Just Grow and Grow," Missiles and Rockets, VII (1 August 1960), 15.

I. HISTORY OF CLASSIFICATION[2]

Document classification in the United States has been used as a form of censorship and information control since the Revolutionary War. The formal, explicit controls to which we are subject today are of recent vintage. World War I brought the first organized approach to document classification. Voluntary censorship began on March 24, 1917. Then, on April 13, 1917, Executive Order 2594 established the Committee on Public Information. This censorship of information released to the public did not work, and the solution was felt to be "secrecy at the source." George Creer, head of the Committee on Public Information during World War I felt that the fear of unguarded speech became almost hysterical. The answer was to effect control by the military departments. His recommendations were the basis for the voluntary censorship code of December 31, 1940.

The military had always used codes and other means of protecting information for use in tactical operations, but now the need for control was expanded. Thus, was born the classified document control concept. This had

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[2]Factual material for this section was extracted from the testimony of Lloyd Wright, chairman of the Government Commission on Government Security, given to Congress on 21 June, 1957, beginning with page 152.

been nurtured quietly until World War II. Then, the need for document control was emphasized, and a rash of classification categories arose. The military saw such terms as "eyes only," "highly sensitive," "secret," and other nomenclature. It wasn't until 1953 that order was brought out of this chaos. On November 5 of that year, Executive Order 10501 was signed to establish the present classification system.[3] Among other things, all official information requiring protection was assigned one of three categories; TOP SECRET, SECRET, and CONFIDENTIAL. The Department of Defense immediately implemented this Order,[4] Directions were given to industry by means of the Armed Forces Industrial Security Regulation and the Industrial Security Manual. The idea was to:

> Permit access to classified information to only those trustworthy individuals who have been determined to require such information in furtherance of their official duties.[5]

More than three-quarters of all official informa-

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[3]Executive Order 10501 - Safeguarding Official Information in the Interests of the Defense of the United States (Washington: Government Printing Office, November 5, 1953).

[4]United States Department of Defense, Safeguarding Official Information in the Interests of the Defense of the United States, DoD Directive 5200.1 (Washington: Government Printing Office, 8 July 1957). This supercedes the original directive of 19 November 1953.

[5]Col. Sidney Rubenstein, "Classification Management," Industrial Security, VI (October, 1962), 63.

tion is classified CONFIDENTIAL. This lowest classification requires a minimum of protection, yet accounts for the bulk of classified information today. The need for protecting information merely "prejudicial" to the interests of national defense has been questioned, and it was even proposed that the category be eliminated. Congress failed to accept this recommendation and so, the CONFIDENTIAL files increase.

Thus, from a modest beginning, classification has grown until today, it affects the lives of hundreds of thousands of people, employs thousands, and costs billions of dollars annually. For all of that, it is said that we are only trying to buy enough "lead time" to stay one step ahead of our enemies.[6]

II. DEVELOPMENT OF CLASSIFICATION MANAGEMENT

The implementation of a classification management program in the Defense Department lagged far behind the industrial security program. Despite the "crash" ICBM program and the Wright Commission report, no real impact was felt on the DoD classification program.[7]

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[6]John W. Wise, "What is Classification Management? Historical Development of the Program" (copy of a speech--no date. Space Systems Division, Lockheed Missiles and Space Company, Sunnyvale, California), p. 1.

[7]Ibid.

Then, because of a rapidly mounting inventory of classified material was accumulating with no program for regrading or declassification, the DoD implemented an Automatic Time-Phased Downgrading and Declassification System in 1961.[8] Executive Order 10964 established the system. This was the first step. However, there was still no formal DoD program until 1963, when the DoD Directorate of Classification Management was established.[9] Since then, the User Agencies have established similiar programs.[10] A DoD Classification Review and Advisory Board was established, DoD Instruction 5210.47, Security Classification of Official Information, was implemented, and the DoD program was put into full swing.

Industry interest in classification management has followed far behind the DoD programs. A classification management workshop was held by the American Society for Industrial Security in 1963. In 1964, the National

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[8]United States Department of Defense, Automatic, Time-Phased Downgrading and Declassification of Classified Defense Information, DoD Regulation 5200.10 (Washington: Government Printing Office, 26 July 1962).

[9]United States Department of Defense, Classification Management Program, DoD Directive 5120.33 (Washington: Government Printing Office, 8 January 1963) and Implementation of the Classification Management Program, DoD Instruction 5120.34 (Washington: Government Printing Office, 8 January 1963).

[10]For example, AFR 205-24, "Classification Management Program" (Washington, 9 July 1963) is the Air Force program.

Classification Management Society was incorporated. Thus far, this society has conducted two very successful seminars. Generally, participation has been individual rather than corporate as companies with formal classification management programs are in the minority.

The Department of Defense has implemented a classification management program and has directed User Agencies to do the same. At this writing, the DoD, User Agencies, and the Defense Supply Agency are vigorously attempting to bring their programs up-to-date with classification needs. Unfortunately, the same cannot be said of industry. A few large firms have adopted successful programs, but the majority still feel that classification is a "necessary evil" and collateral function of contracts, administration, or security. Many feel that the costs of implementing a classification program are much greater than the potential benefits. However, professional organizations and the DoD are attempting to educate management, and as stated in the first chapter, this is the purpose of this thesis.

III. CLASSIFICATION MANAGEMENT TODAY

At this point, it would be most appropriate to acquaint the reader with the mechanics of classification management as it exists today. To do this, an outline

of classification policy will be given, beginning with government direction and concluding with implementation by industry.

Department of Defense Direction

An idea is born. From this idea, military planners must assess its impact on our national defense. If this idea fits into one of the categories of official information, the material is assigned a security classification. Only the Defense Department has original classification authority for defense information.[11] For TOP SECRET, these people are listed by title. For SECRET and CONFIDENTIAL, the numbers of people having original classification authority are kept to a minimum.[12] Once the classification is assigned, the information must be protected from compromise. This protection will be maintained until such time as the originator feels the information can be downgraded, declassified, or grouped

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[11]This is a very general interpretation of Section 2 of Executive Order 10501. The specific departments and agencies having original classification authority are designated by the President. The point is that only those agencies so designated and having direct responsibility for national defense will have original classification authority.

[12]As reported at the 2nd Annual Seminar of the NCMS by the DoD Director of Classification Management, 624 have TOP SECRET classification authority, 8554 have SECRET authority, and 32,000 have CONFIDENTIAL classification authority.

in accordance with the automatic time-phased downgrading and declassification system.

Then, if the information will be needed for performance of a contract, participating firms must have a facility clearance and have executed a security agreement with the DoD or User Agency.[13] Request for quote or a request for proposal is the next step. The contract is then negotiated. Once the contract has been agreed upon, the firm begins work. Hopefully, the security requirements have been given to the firm before the start of the project.[14] From this, the contractor has an idea of what is to be expected with regard to information protection. The provisions of the Industrial Security Manual are effected to provide the proper planning, organization, and control of the classified materials.

Jurisdiction for the performance of the contract is assigned to the Defense Contract Administrative Services Region in the area where the contractor facility is located. These regional offices insure a centralized

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[13]See Appendix 3 for a copy of DD Form 441, "Security Agreement."

[14]The formal method is by use of DD Form 254, Security Requirements Checklist. The next chapter will discuss this form more fully. See Appendix 4 for a copy of this form and also, DD Form 254-1. Often, this form is not available at the start of the contract and supplemental guidance must be given in the form of a letter.

management control of DoD contracts.[15] Security cognizance has been delegated to the DCASR offices, and the security representative is responsible for insuring contractor compliance with the Industrial Security Regulation, the Industrial Security Manual, and contractual specifications imposed by the specific DD Form 254. The Defense Supply Agency Office of Industrial Security has over-all security responsibility and conducts field visits along with security representatives of the various User Agencies involved. The DSA Office of Industrial Security is also the office of primary responsibility for preparation and maintenance of the Industrial Security Regulation and Industrial Security Manual.

In summary then, only the government can classify. The information that is to be protected, along with the requirements for protection are identified to the contractor. Compliance is then monitored by the Defense Supply Agency DCASR office having security cognizance over the facility.

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[15]Robert Donovan, "The 'New Look' in Industrial Security" (unpublished manuscript). This explains the reorganization of the Cognizant Security Offices as a result of Project 60 adopted by Mr. McNamara soon after assuming office. This project resulted in the consolidation of over 200 existing organizations in the military departments into a single unit responsible for contract administration.

Industry Implementation

Upon receipt of the contract DD Form 254 from the User Agency, the contractor must interpret what information needs protection and disseminate these requirements to all interested agencies in the firm. This task is usually the responsibility of the contracts office, administrative office, industrial security office, or, in the case of a few large firms, the classification management office. At the same time, physical security requirements are identified and implemented (e.g. secure storage areas, restricted areas, locks, fences, etc.).

As mentioned previously, only the government has original classification authority. However, derivative materials must be identified and handled in the same manner as the original information. This is a difficult task. Usually, the technical and engineering people are the best qualified. Their knowledge of system theory enables them to better understand the concepts. Unfortunately, these same people are not known for their interest in security.

Once the information is identified, it must be marked and stored in compliance with the Industrial Security Manual. Then, a constant control is necessary to insure accountability. This involves account numbers, signing for material use, and inventory at frequent

intervals. It is this portion of the classification management program at which the fate of the facility clearance is most crucial.

Regrading and declassification is the responsibility of the originator of the material, but the review and maintenance of the automatic system is the responsibility of the user. A constant review for content is necessary, and often the user must request a reevaluation of the classification to insure the currency of the classification category. Finally, when a document is no longer needed, the contractor must destroy it in accordance with appropriate directives. This usually involves facilities for shredding, burning, or pulping.

On the close-out of the contract, the classified material must be destroyed, returned to the Defense Documentation Center, or returned to the User Agency. Regardless of whether or not the material was furnished by the customer or developed by the company, the DoD requires that no unnecessary classified be retained.[16] The idea is that no excess of classified inventories should be maintained by industry, thus making primary

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[16]To further qualify this statement, documents may be retained if they are necessary to support a financial audit of the contract by the customer or Government Accounting Office.

the concept of need-to-know over contractor proprietary information.

From the receipt of the security requirements through contract close-out, the contractor is closely regulated. Chapter 4 will explain many of these areas in greater detail, but it is hoped that the reader now has enough of a background to identify some possible problem areas.

IV. THE SPECIAL CASE FOR RESEARCH AND DEVELOPMENT

In the scramble to adjust the security requirements to a feasible set of rules, research and development firms claim that their interests have been subordinated to those of the hardware producers. Research and development firms, in general, desire a different set of procedures to facilitate their work.

As a rule, any individual in possession of information that he feels may be classified, must protect it at the highest level of classification necessary until such time as an official determination is made by a classifying official.[17] This requires that personal notes, worksheets, models, etc., be classified when the information is thought to have security implications. Often an

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[17] Executive Order 10501, Section 15, "Exceptional Cases."

official determination requires a great deal of time. From the point of view of the researcher, it means that work must be confined to the laboratory and all notes and scraps must be laboriously gathered, marked, grouped, and accounted for at all times. Many researchers avoid classified work because of these restrictions.[18] Strict adherence to the rules is easily understood by the security man but not the technical man. This conflict often leads to nothing being classified until such time as the end product or answer is achieved.[19] Otherwise, a great deal of time and effort is expended in accounting for documents that may not need classified controls.

New regulations for scientific and technological information are being devised to correct the more serious problems.[20] These can only facilitate the basic requirements, not replace them. As research and development gets a bigger piece of the Defense pie, its

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[18]This point was emphasized many times by the scientists present at the NCMS seminar.

[19]Obviously, such a statement cannot be documented. However, this exact result was mentioned in connection with comments relevant to R & D facilities and the new requirements imposed by the revised Industrial Security Manual at the last NCMS seminar.

[20]For example; AFR 205-29, Classification Criteria and Factors for Scientific and Technical Information, Department of the Air Force (Washington: Government Printing Office, 1 March 1965).

voice will get stronger. But so long as the protective requirements remain the same, research and development will have problems dissimiliar to those of the hardware producers.

V. SUMMARY

The objectives of management procedures in classification have been to insure that:

1. Classification and declassification policies, standards, and criteria are responsive to the current needs of the Department of Defense.
2. Individual classification determinations are accurate and consistent and reflect the corporate judgment of the DoD.
3. Overclassification is prevented to the maximum extent possible and scrupulously avoided.
4. Declassification is facilitated by prompt and timely actions.
5. All aspects of classification and declassification are effectively administered at all levels in the Department of Defense and in industry.[21]

From the time of the Wright Commission to now, the criticism has been that overclassification is the cause of the majority of the problems. But, the penalty is much less severe for this than the failure to classify

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[21]Rubenstein, op. cit., p. 64.

information that requires protection. "When in doubt, classify" seems to be the byword. Doubt is prone to occur more often today as our technological discoveries outrun our understanding of these discoveries.

Progress has been made. We have gone from the classification of "things" to an emphasis on "information," no matter what form this information may take.[22] Overclassification is a product of the system as it exists today. Specific problems will be discussed in later chapters. With this background, we move to a more detailed discussion of DoD guidance and direction given to the contractor.

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[22] Wise, op. cit., p. 3.

CHAPTER III

DEPARTMENT OF DEFENSE GUIDANCE

This chapter will discuss the DoD classification guidance given to the Defense contractor. The basic documents, Executive Order 10501, DoD Instruction 5210.47, and DoD Directives 5200.1 and 5120.33 will be the starting point. A discussion of the automatic time-phased downgrading and declassification system will follow. Then, more specific areas with regard to contractor guidance will be covered. DD Form 254, the Industrial Security Regulation, and the Industrial Security Manual will be discussed.

Supporting materials for discussions of contractor guidance will be from the questionnaire and comments of participants at the 1966 Seminar of the National Classification Management Society.

I. BASIC REQUIREMENTS

Classification

As mentioned in the preceding chapter, the most basic document with regard to classification is Executive Order 10501. This nine page document has twenty sections covering the limitations of authority to

classify, methods of classification, requirements for marking, custody and transmission requirements, accountability guidance, and regrading, declassification, and destruction requirements. Review to insure the safeguarding of classified defense information is assigned to the National Security Agency. The DoD and User Agencies must also assign individuals to continually review the implementation of the order. Although the document directs these safeguards against the withholding of information from the public that they have a right to know, it is impossible for one individual or agency to review all the classified in existence for content and analysis.

The DoD expands the order with DoD Directive 5200.1. Specific areas which needed clarification are reviewed. Some of these are code words, photographs, methods of transmission, and requirements for combat related operations. Each User Agency expands even further with specific regulations, but this is a common procedure when applying general directives to specific situations.

DoD Instruction 5210.47, Security Classification of Official Information, defines the techniques and procedures for classification. Authority to classify is assigned and derivative classification procedures are explained. Principles and criteria for classification

are outlined and a section is devoted to the mechanics of classification. Review of classified guidance is directed to be on a yearly basis. This review is supposed to consider content as well as accounting accuracy.

The standards required by this instruction were applied to the military upon implementation, in early 1965. However, the Industrial Security Program was not included until the recent revisions to the Industrial Security Regulation and Industrial Security Manual.

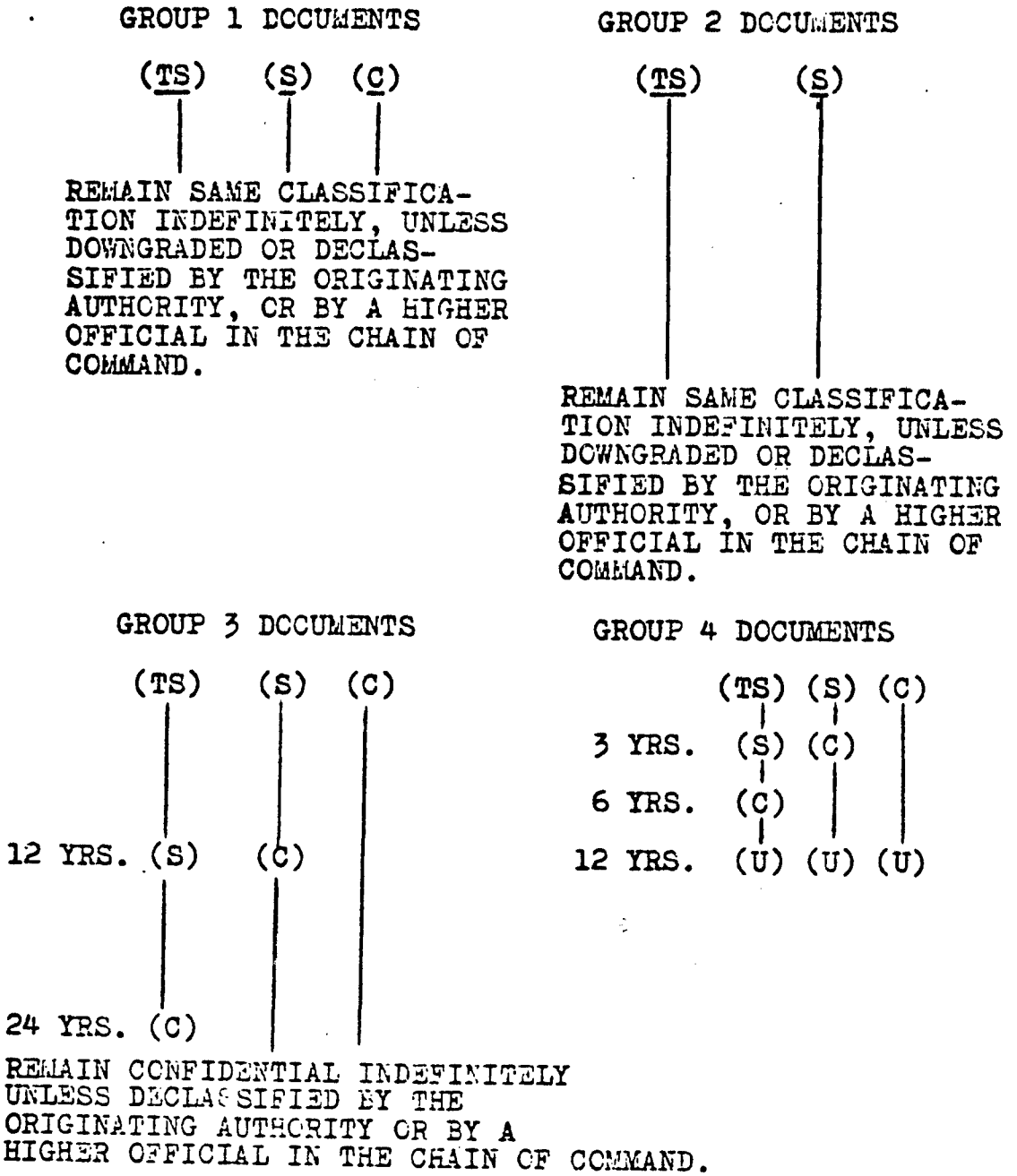
Classification Management

The first step toward a DoD classification management program was DoD Regulation 5200.10, dated 26 July 1962. This regulation established a continuing system for automatically downgrading and declassifying classified defense information originated by or under the jurisdiction of the DoD (and other agencies). All classified defense information (excluding Atomic Energy Commission information for our purposes) must, when issued, be placed into one of four groups. The grouping and authority is marked on the front of the document. See Figure 1 for the specific group requirements.

Group 1 and 2 documents, because of their sensitivity, will never be automatically downgraded or declassified. The problem here is evident. Constant review and evaluation is necessary to insure the

FIGURE 1

AUTOMATIC DOWNGRADING AND AUTOMATIC DECLASSIFICATION CHART



information is properly classified.

Group 3 and 4 documents do provide for automatic actions. But, in the rapid pace of our technology today, the amount of time needed for action seems inappropriate. Many classified items today will be obsolete in ten years, but they would still be classified CONFIDENTIAL. It is said that this is the reason that the radar set for the B-17 bomber is still classified. Spokesmen for defense and industry express hope that the time requirements for the automatic actions will be reduced in the near future.

No formal DoD classification management program existed until January of 1963. At that time, DoD Directive 5120.33 was implemented. It established, under the Assistant Secretary of Defense (Manpower), a classification management organization to:

> . . .establish policies, standards and criteria for the classification and declassification programs of the DoD and will be the focal point in the DoD for resolution of questions pertaining to classification and declassification.[1]

With this, the classification management program in the DoD was begun. It was implemented with the sister Instruction 5120.34 which established the DoD Directorate

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[1]United States Department of Defense, Classification Management Program, DoD Directive 5120.33 (Washington: Government Printing Office, 8 January 1963), paragraph II B.

of Classification Management. The duties of this agency included monitoring the classification guides given to industry, and insuring the DD Form 254 used by industry was reflecting accurate security classifications on a current basis. This leads us to a discussion of these items.

II. INDUSTRY CLASSIFICATION GUIDANCE

Industrial Security Regulation

DoD 5220.22-R is the Industrial Security Regulation. This governs the industrial security relationships of the Defense Department with industry. Section I, part 3, assigns security cognizance of the DoD industrial security program to the Defense Supply Agency. This cognizance implies constant monitoring of the industry program to include periodic security inspections of the facility. User Agencies are not precluded from making inspections of contracted firms so long as the proper coordination is maintained with the cognizant security office. These inspections are the basis for the firm maintaining its facility clearance.

Section IV sets the standards for the security inspections. To achieve uniformity, an Industrial Security Inspection Checklist (DD Form 696) is used. Unfortunately, this checklist is of the "yes or no"

variety with little room for general comments.[2] A single reference to classification management is made in that one question deals with contractor review of DD Form 254 for each current contract. No mention is made of a contractor classification management program nor is the inspector really concerned with the techniques of contractor management of classified inventories.

Section VII of the regulation deals with security classification and declassification, but this is rather descriptive. Actual requirements are explained in the Industrial Security Manual.

Industrial Security Manual

The Industrial Security Manual (DoD 5220.22-M) was recently revised and is dated 1 July 1966. It has grown from a 28 page document into a giant of 236 pages. Our attention will be focused on Section II, "Handling of Classified Information." It is this section which expands (for industry) the requirements of DoD Instruction 5210.47. Paragraph 10a defines the intent:

> . . .Contractors are encouraged to advise and assist in the development of the classification guidance in order that their technical knowledge may be utilized and they may be in a better position to anticipate the security requirements

[2]See Appendix 5 for a copy of this checklist.

> under the contract and organize their procedure and physical layout accordingly.[3]

The question is, do negotiations carry out the tenor of this statement? The answer generally, is a negative one--especially since security requirements are not negotiated. At the recent NCMS seminar, however, a few firms reported excellent success in assisting with security guidance. These representatives also added that a great deal depends on the government negotiator.

Industry has voiced an almost unanimous criticism against the provisions of paragraph 11a, "Initial Marking." This paragraph sets the standards for the marking of classified documents. As an example, the front and back of the document must be marked with the highest classification contained therein. Each page will be marked, top and bottom, with the highest classification of information contained on either side of the page. Finally, each paragraph will be preceded with a notation [a (TS), (S), or (C) to denote the level of classification, and a (U) if no classification is involved] identifying the highest level of information found in the paragraph. It is this last provision which has caused industry the

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[3]United States Department of Defense, Industrial Security Manual for Safeguarding Classified Information, DoD 5220.22-M (Washington: Government Printing Office, 1 July 1966), p. 25.

greatest distress. Specific problems will be discussed in chapter 5, but it must be said that the military has implemented this provision very successfully.

The computer age has also caused problems. The manual attempts to deal with procedures for protecting information stored on computer memory drums and magnetic tapes. However, a computer is often used for a great deal of unclassified work such as inventory and payroll, and so accomplishment of these tasks is often hindered because of document control, restricted areas, and other security requirements.

It is not the intent to relate each requirement of the manual. The purpose of the discussion has been to acquaint the reader with the expanding nature of each document as we go from the original directive to the specific requirements imposed on the contractor. Despite the troublesome areas discussed, the contractor is given specific guidance and, at the same time, is allowed sufficient latitude for implementing the requirements with regard to the individual contract and the nature of his facility.

DD Form 254

Without exception, every individual working in the classification field has an opinion of DD Form 254, Security Requirements Checklist. It is this form that

identifies to the contractor the security classification of the end product, and the portions of the contract that affect the over-all classification. An examination of this form (which is reproduced in Appendix 4) will facilitate its understanding and use. For example, if the range of a missile to be built by the XYZ Corporation is designated SECRET by the classifying official, at the time of request for proposal, request for quote, or during the actual negotiation of the contract, the User Agency should have presented a completed DD Form 254 to the company. The contract would be identified on the first page. Then, in section 12*l*, an "X" would be placed in the SECRET block (with a notation indicating maximum, minimum, or optimal range). This identifies the specific part of the project which requires protection. If, at a later date, the classifying official feels that the range need only to be classified CONFIDENTIAL, a revised DD Form 254 would be issued.[4] Then, upon completion of the contract, a final DD Form 254 is issued, proportedly to assist in evaluating materials that may be retained by the contractor. If this system appears simple, the reason is because it is. In fact, it is too simple.

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[4]Note that this would be issued and not negotiated. However, the contractor can request an evaluation of the classification in an attempt to clarify the item or request regrading or declassification.

Taking the above example, we don't know exactly what makes the range classified. It could be the type of material used in the missile housing, the propellant, or the aerodynamic properties of the missile itself. This absence of detail leads to a great deal of confusion as will be explained more fully in chapter five.

III. SUMMARY

To summarize, the general guidance provided by the DoD is excellent. The techniques of application correspond to the philosophy of classification. The DoD has attempted to keep pace with classification needs, and with the exception of the automatic downgrading and declassification system, it has succeeded.

However, specific guidance given to the contractor in the form of the Security Requirements Checklist is definitely not adequate. This has additional consequences in that this is the most crucial portion of guidance given to the individual contractor. It seems that, for once, there is a clear picture of the forest, but difficulty in identifying the individual trees.

CHAPTER IV

INDUSTRY PROGRAMS

To be consistent with the definition of classification management presented in the introduction, industry programs will be described with regard to staffing, planning, organizing, and controlling. Industry publications and interviews with industry personnel provided a great amount of material for this chapter. The questionnaire results proved to substantiate the analysis.

Despite the questionnaire tabulations in Appendix 1, only a very small percentage of firms have formal classification management programs. It was felt that many respondents were defensive when asked about the existence of such a program as a negative answer might imply failure to comply with DoD regulations. The fact is that classification management on the industry level is most often conducted as a part-time duty of the industrial security office.[1] This task is usually in addition to

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[1]The questionnaire substantiates this with question six. Many industry representatives admitted that although they had a classification management program on paper, they were unable to devote any time to it because of more pressing responsibilities.

management of the guard force, personnel clearances, access control, physical plant protection, and other areas dealing more directly with traditional security responsibilities.

Because accountability of TOP SECRET and SECRET documents is a requirement of all holders, every contractor assigns an agency to be responsible for this task.[2] This is established as the company "classification management program," but one that is a far cry from what the original definition would suggest.

I. STAFFING

Full-time classification management representatives are a rarity. The survey reports only six companies with such a job description. Generally, the companies were ones with large amounts of classified materials. The job descriptions resembled the Industrial Security Manual when describing purpose and objectives. Figure 2 presents two examples. Salary scales ranged from $600-1100 monthly depending on the size of the company. No special background was required, except that a college degree was important. Experience in the administrative security field was considered very helpful. However, it is

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[2]Section 7a of Executive Order 10501 and par. 12a of the Industrial Security Manual.

FIGURE 2

TWO CLASSIFICATION JOB DESCRIPTIONS

1. CLASSIFICATION MANAGEMENT REPRESENTATIVE

OCCUPATIONAL SUMMARY

Collaborates in development and maintenance of Division Classification Management Program. Under minimum supervision acts as prime point of contact within Division and to customer on classification matters pertaining to assigned programs or projects. Serves on joint contractor/ government classification committees as required.

Interprets customer classification requirements for assigned programs and prepares detailed classification guidance for company and subcontractor use.

WORK PERFORMED

Participates in maintaining a close working relationship with customer technical program offices and affected government agencies which generate classification requirements for Division contracts. Serves as required on customer joint classification committees and study groups. Keeps supervision apprised as to classification aspects of assigned programs, including problem areas and achievements.

Reviews and interprets new contract classification requirements with affected . . .project organizations. Prepares and maintains detailed classification guidance for . . .and customer use. Furnishes . . .employees with supplemental guidance as necessary to assist them in making appropriate classification determinations. Prepares and documents recommended changes to prime contract classification requirements.

Is responsible for assigning proper classification to material and documents reviewed and performs classification reviews for purposes of downgrading or determining initial classification of material and documents.

Coordinates disposition and retirement actions for classified documentation associated with terminated/ completed prime contracts.

FIGURE 2 (CONTINUED)

Indoctrinates and briefs Division employees in classification management philosophy, Division procedures, and classification techniques.

Advises and confers with engineering, manufacturing and support organizations in regard to classification activities for established or proposed programs.

Prepares and revises on a timely basis classification specifications for all classified subcontracts relating to assigned programs.

Monitors subcontractors (in coordination with subcontracts and technical organizations) to insure compliance with subcontract classification requirements. Keeps Classification Management Representative, Senior advised of status or problem areas.

EDUCATION AND EXPERIENCE REQUIRED

Normally requires a degree in a technical field or business administration, or the equivalent, and six years of experience in the field of classification management.

FIGURE 2 (CONTINUED)

2. JOB TITLE: CLASSIFICATION CONTROL REPRESENTATIVE

NORMAL REPORTING RELATIONSHIP: Corporate Technical Information Officer

BASIS OF EXEMPTION: Administration

A. PRIMARY PURPOSE:

Serves as corporate advisor and representative in matters relating to technical document and classified information control by developing classified inventory control systems to insure compliance with corporate policies regarding pertinent contractual agreements with the Department of Defense.

B. MAJOR DUTIES:

1. Develops; corporate classified information control systems and provides guidance and direction in their implementation to provide instant accountability of classified documents at all locations . . .

2. Provides guidance and counsel to corporate personnel, resolving problems associated with document control procedures such as those involving document reproductions, handling, transmitting, recovering, upgrading, and downgrading by analyzing alternate approaches where only general or vague guidance exists, where precedent is totally lacking, and when special tact and diplomacy are required to handle document control problems resulting from misclassifications.

3. Directs and participates in audits of classified material inventories at information control stations to insure conformance with established control standards; in this connection, analyzes current relevant security requirements and regulations, evaluates current procedures, and

FIGURE 2 (CONTINUED)

develops) recommendations for improved methods of classified inventory control to avoid security violations resulting from recording and handling errors . . .

4. Assures proper control of classified information by developing corporate guidelines and procedures through liaison with the Security Manager . . . and by evaluating alternate methods of complying with such requirements to facilitate internal operating effectiveness while assuring conformance with legal requirements.

5. Presents briefings to military personnel and government contracting agencies regarding current document control systems and procedures.

6. Conducts investigations to resolve questions involving documents which are not instantly sighted or which appear to be mishandled or incorrectly marked; implements corrective measures to remedy flaws in current document control procedures and thus prevent security violations.

7. Directs the activities of the Classification Control Assistant in matters pertaining to classification controls, providing assistance in the resolution of difficult problems, and engaging in on-the-job training in advanced phases of new classification controls, plans and programs.

8. Assists the Corporate Technical Information Officer, as required, in the formulation and implementation of new information control plans and programs.

9. Studies, analyzes and reports on the status of corporate information control activities.

difficult to generalize about a minority. It can be said with reasonable assurance that a career in classification management would be limited with respect to advancement both within and without the corporate structure.

Classification management is often an additional duty given to an administrative assistant in the technical, information, administration, or contracts offices. The salary is higher, but total responsibilities are greater. Specific classification duties become less important to the engineer or administrative assistant because advancement lies in his specialty--not classification.

By far, the majority of programs are handled as a part-time function of the industrial security office. This is because the physical accountability of classified documents is directly related to security, and a compromise or loss of a document is a security matter. However, the marking of documents is usually given to the administrative office. Document control may or may not be a part of the security function. The contracts office usually handles communication regarding declassification or regrading action. If any content review of classification is conducted, it is most likely to be accomplished by the engineering or technical staff. The industrial security officer periodically conducts inspections to insure proper marking, automatic downgrading and

declassification actions, and physical accountability. In effect, industrial security personnel are performing their usual monitor and control functions with regard to classification, and these functions are the direct result of requirements contained in the Industrial Security Manual.

Formal classification management programs are few in number. The part-time programs are really a hodge-podge in that the classification requirements are conducted as a partial responsibility of many unrelated agencies with no central direction. Few firms are staffed to fulfill the objectives of a good classification management program.

II. PLANNING

With the majority of DoD contracts, the earliest time at which the contractor can begin planning for classification requirements is receipt of the contract DD Form 254, or some other pre-performance guidance. When a firm competes for a classified contract, the emphasis is on costs and profits. It is doubtful that the company negotiator considers classification unless the particular requirements of a specific contract would bring about radical procedural changes to the firm. More often, the contracts office is unaware of the security implications of accepting a particular project--except

that a certain overhead percentage will be allotted to security operations.[3]

Upon receipt of the DD Form 254, classification information must be disseminated to all interested agencies. Three methods are commonly used. The first, and most simple, is to reproduce the form and send it to all agencies. The second method involves the extracting and interpretation of the classification guidance and putting it into letter form. Thus, the work of interpretation is done at the highest possible level of management. The third method is the most comprehensive. It involves preparation of detailed classification guides which are attached to the DD Form 254 and then distributed. The latter two methods require the firm to be equipped and staffed to interpret the security requirements. This requirement also implies sufficient training and experience.

When a firm receives a facility clearance, a great deal of classification planning has been done. For example, document control procedures are established and physical requirements have been identified. Document origination and marking procedures are developed and accountability procedures must be defined. This is

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[3]At the NCMS seminar, the figure of 6-8% of total costs was mentioned as a common appraisal of security costs.

sufficient in a very general sense, but still not adequate in dealing with individual contracts. It is in planning for the individual contract where costs are most important but where classification management is given least consideration.

III. ORGANIZATION

Location of the classification management function can be in any one of several areas. The administrative office, technical office, contracts office, and industrial security office are all used. The survey points to industrial security as being the most frequent choice. As has been demonstrated, the actual responsibilities are divided. One writer says that:

> Most professional security managers acknowledge that classification management is composed of almost equal parts of security, technical and contract administration, but feel that it would be a step backwards for the whole industrial security program if classification management develops outside the traditional security organization.[4]

But let us chance the tedium of repetition, and develop a "box score" of the classification management program. On the one side, we will place a function of the program. Opposite this, we will place an estimate of which agency

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[4]Bob Donovan, "Classification Management," (handout provided to participants at the 2nd Annual NCMS Seminar, Los Angeles, 13-15 July 1966).

in a majority of firms today would have primary responsibility for this task. Figure 3 demonstrates the results. The management of classified inventories is not simply a security or "police" function, but is a concept not easily categorized as belonging to one particular agency.

> To summarize the organizational considerations for the classification function, you will find that it may be feasible to assign the operations to any one of various offices. There are both advantages and disadvantages in each instance. In any event to fulfill its purpose the office must be equally responsive to the classification needs of all company organizations. Maintenance of close cooperation with the technical, industrial security, and document control organizations is a basic necessity to classification operations.[5]

IV. CONTROL

Physical Accountability

The control of classified material within the contractor facility is usually under the jurisdiction of a classified document control agency. Document numbering, storage, custody, receipt, and transmission along with inventory accounting procedures are the usual tasks of such an agency. Existing systems are generally centrally

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[5]Robert J. Rushing, "Classification: A Key to Realistic Security," Industrial Security, VI (October, 1963), 105.

FIGURE 3

BOX SCORE OF THE CLASSIFICATION RESPONSIBILITY

FUNCTION	RESPONSIBLE AGENCY
CLASSIFYING (USING DD FORM 254)	TECHNICAL OFFICE
MARKING	CONTRACT ADMINISTRATION
DISTRIBUTION OF GUIDANCE	CONTRACT ADMINISTRATION
INVENTORY	TECHNICAL OFFICE
REGRADING AND DECLASSIFICATION	CONTRACT ADMINISTRATION
ACCOUNTABILITY	SECURITY OFFICE
DESTRUCTION	CONTRACT ADMINISTRATION
COMPLIANCE	SECURITY

TOTALS

CONTRACT ADMINISTRATION	4
TECHNICAL OFFICE	2
SECURITY OFFICE	2

operated and hand controlled.

Once a document has been properly marked, it is sent to the document control division. An accountability number is assigned and the document is placed in an approved storage container. When the document is needed, the requestor must show a need-to-know (or authorization, in the case of a courier) and must sign for the document. At all times, the classified document control supervisor must have physical custody of the classified material or a receipt showing the location and name of the user of the material. This applies to temporary as well as long-term assignments.

Systems are being devised to facilitate inventory and accountability with multi-location control centers and automated systems. These systems are in an experimental stage, but classification people agree that this is one area where data processing can be of great benefit.

Control is a prerequisite to any system, but in the case of TOP SECRET and SECRET materials, it is mandatory that the items be accounted for at all times. CONFIDENTIAL materials do not need the same amount of control, and are often neglected.

Content

Control of document content is not as rigid and, in many cases, non-existent. Most firms review their

contracts at frequent intervals, and many review all classified materials as a collateral project. However, it is felt that the classified reviews are administrative and cursory, at best, since the individual making the check does not always have the technical or conceptual knowledge needed to assess the currency of the assigned classification.

V. SUMMARY

Classification is a collateral objective of the Defense contractor. He is, in most cases, not staffed for this function, nor are classification requirements considered when planning for individual contracts. No universal plan of organization exists. Control for accountability is rigid, but control of content is ineffectual. It is the latter which allows overclassification to exist, yet, this is the one element of classification towards which all classification management programs are directed.

Industry is discovering that classification is not just a "necessary evil" which must be tolerated when accepting Defense contracts. However, the methods for handling classified inventories has not generally been decided upon. Industry management is not yet

convinced that the same principles of management applied to the other phases of operation can be applied to classification. This remains to be proven.

CHAPTER V

MAJOR DEFICIENCIES IN CLASSIFICATION TODAY

There are several areas of classification today where serious deficiencies exist. The result of these deficiencies is overclassification, and, as in a whirlpool, overclassification is the cause of unnecessary expense and impedes the flow of information.

The intent here is to identify specific deficiencies that exist as a result of the absence of sound management practices. Not every problem can be discussed. However, several areas have been selected which are deemed major problems preventing effective classification.

I. INDUSTRIAL SECURITY MANUAL

Industry objection to paragraph 11, which requires classification by paragraph, is unanimous. Such a requirement is said to be time consuming and costly. Also, the present DD Form 254 falls short of the pinpoint classification guidance necessary to implement this requirement. In most cases, contractors are given a relatively short amount of time to prepare final bids for contracts, and paragraph marking will cause additional hardships in this process. In one example, a contractor

mentioned that an engineer had a document of four paragraphs. None of the paragraphs alone was classified, but the combination of them on a single page constituted a SECRET document. Many other contractors have simply stated that compliance will be too costly.[1] Despite the fact that such objections were voiced loud and long, the requirement was not deleted from the manual. The Defense Supply Agency and the DoD have agreed to study the matter further.[2] In an attempt to relieve industry of any unnecessary burden, a substitute measure was authorized. This allows a statement in the front of a classified document (or attachment of a classification guide) in lieu of paragraph markings to specify the nature and degree of information requiring protection that is contained in the document.[3]

Paragraph 13f(1) establishes at what stage central accountability is required. In effect, this requirement says that all notes, preliminary drafts, or working papers classified SECRET or higher must be entered into

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[1]These comments were compiled by the Aerospace Industries Association for presentation at the industry-government conference at Cameron Station, Virginia, in January of 1966.

[2]James A. Davis, "ISM Preview," Industrial Security, X (April, 1966), 21.

[3]Industrial Security Manual, par. 11a, pp. 26-27.

the document control accountability system. Industry claims this to be "obstructive and essentially unenforceable" as technical people will withhold any classification actions until just before publication.[4] This appears to be a threat rather than a logical approach. The fact remains that classified information is just as valuable in draft form as it is in final form. That is the reason for accountability--to insure control of this information.

Despite many changes to the manual, a still unresolved problem is the retention of classified contract material after contract close-out. All classified material retained (including non-accountable CONFIDENTIAL information) is subject to repeated inventories and justifications. The idea is to disallow uncontrolled retention of classified documents. In reality, the reason it is desireable to retain certain information is because of technical interrelationships. Work on one project often affects another project. Also, companies desire to retain proprietary information developed in a particular effort. DoD retorts that the customer (User Agency) has

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[4]Bob Donovan, "A Preview of DoD's New Industrial Security Manual," Security World, VIII (March, 1966), 17.

purchased all information relative to the contract and disposition of such information is at the prerogative of the customer.[5]

The Industrial Security Manual is still very much hardware-oriented. Research and development concerns, especially those engaged in basic research, will continue to have difficulty in meeting the administrative classification requirements. It is surprising that greater attention was not given to research as the DoD was more than willing to listen to industry recommendations. Industry proposals were not binding on the DoD, yet many were incorporated into the revised manual. Perhaps too much attention was given to detail and not enough to concepts and philosophy.

II. DD FORM 254

Little can be said other than the form, as it exists, is simply too vague to provide the contractor with the classification needed to properly perform the contract. Clarification of the guidance is often impossible to obtain as contractors expressed considerable

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[5]A lively discussion of this point between industry and government representatives at the NCMS seminar never resolved the issue. As it stands, the requirement exists, much to the chagrin of industry.

difficulty in getting User Agency representatives to make a decision on specific guidance requests. Furthermore, time expended in requesting a decision is expensive--both to the contractor and tne customer.

A serious DoD study is being conducted at this time to revise DD Form 254. Suggestions from industry have been submitted to the DoD Directorate of Classification Management and a decision will come at a later date. However, it is certain that a revision will be made. This one gap in the DoD guidance program has caused ~~more~~ much confusion and has greatly contributed to overclassification as it exists today.

III. COST STUDIES

To management, the proof of the classification management program lies in cost avoidance. In other words, what costs will be avoided by a vigorous program? This necessitates defining a cost (over the unclassified cost) of generation, marking, protection, storage, inventory, transmission, and destruction of classified material.

An answer to this problem was found in early research in the form of a classified document cost study conducted at the Space Systems Division of

Lockheed.[6] With a breakdown of direct and indirect costs, a single additive cost for SECRET and CONFIDENTIAL classifications was determined. The resultant totals were $7.18 yearly for SECRET documents and $2.11 yearly for CONFIDENTIAL documents. These results were made public this year in a national news magazine. Magically, an additional cost figure for TOP SECRET documents was reported to be $10 yearly, but nowhere had this appeared in the original study.[7] Then, it was learned that the indirect costs of personnel clearances, security education, and plant guards had been assigned to document costs in total. No attempt had been made to allocate these costs among all of the various security functions. Additionally, no consideration had been given to specific "first year" costs of classification such as generating or marking, as opposed to the continuing costs of inventory, storage, and control. For these reasons, an impressive set of figures was invalidated.

However, there was still hope as the questionnaire included a section on costs. But, as the returns were

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[6]"Classified Document Cost Study" (Space Systems Division of Lockheed Missiles and Space Company, LMSC/A703089, Sunnyvale, California, 28 August 1964).

[7]"The Price of Secrecy," Newsweek, June 20, 1966, p. 19.

analyzed, one fact became clear. Defense contractors have no idea what classification is costing them. The variable array of figures that were hastily scribbled in the columns indicated a great lack of knowledge of what compriced these costs. This was true despite the fact that the cost elements had been defined in the survey form.

One security representative felt that the cost of classification wasn't really important. The fact that the costs existed was enough as they were merely the result of doing business with the government. But then, how can top management be convinced that the company should take a more vigorous attitude toward classification, when the benefit of destroying over 10,000 documents, now being needlessly retained, can't be proven?[8] Any costs which a company doesn't know, aren't controlled and uncontrolled costs are a potential drain on profits.[9]

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[8]This, along with other examples of the effects of classification management on classified inventories, was verified in personal correspondence, interviews, and the questionnaire.

[9]It might be well to acknowledge that Headquarters Air Force Systems Command conducted a study of industrial security costs in 1963. However, the results were so inconclusive that no dissemination has been made of the results. After reviewing some industry inputs to the study, it is easy to understand the difficulty AFSC must have had in attempting to correlate all of the information.

IV. PROFESSIONAL STATUS OF THE CLASSIFICATION REPRESENTATIVE

The need for a classification management career field is hotly debated. Opponents feel that the field is too narrow and that classification should be a function of another field. Proponents of a separate career field express opinions such as:

> . . .the Department of Defense or its contractors will never, I repeat, never have an acceptable Classification Management system unless a clearly defined Classification Management career field is established and recognized within the Department of Defense and the contractors facilities.[10]

This is also the view expressed by the National Classification Management Society:

> The management of classification has become, since World War II, the occupation of specialists. Considering the complexity of classification and its fundamental import to the country, it is proper and indeed imperative that classification management be reserved to specialists.[11]

The real problem is whether or not the duties of the classification management representative can be precisely defined. A large corporation can support a

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[10] R. J. Rushing, "Major Tasks Ahead in Classification Management" (presented September 2, 1964, at the 10th Annual ASIS Seminar).

[11] "Another Professional Society," editorial, National Classification Management Society Journal, I (Spring, 1965), 5.

classification management "empire" just from its document control program. But, by definition, it is more than that. One basic need is the interpretation and preparation of guidance from the DD Form 254. Few firms can support the technical people for this purpose on a full-time basis. But, on the other hand, can one person handle and direct the functions of all the separate agencies? If the definition of classification management is accepted, then it must be acknowledged that few people today possess all of the qualifications. The problem is not managerial experience, but technical knowledge. A few large firms have instituted separate classification management departments with some success.[12] The duties are certainly not universally defined within these large firms. At this date, the salary range is not great and the opportunity for advancement appears limited.[13]

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[12]It is also this group which has done the most to promote a separate career field--almost as if to justify their position rather than to advance a profession.

[13]One large electronics firm at the recent NCMS seminar was recruiting with salaries proportedly starting at $10,000. Experienced people were wary of the offer as the firm had recently been caught with some security violations, and it was felt that once the "heat was off," those who had been hired would soon be looking for work elsewhere.

V. PROFESSIONAL ORGANIZATIONS AND PUBLICATIONS

There are two professional organizations currently dealing with the problems of classification. They are the American Society for Industrial Security (ASIS) and the National Classification Management Society (NCMS). The latter organization was formed in 1964--supposedly due to the lack of emphasis on classification by the ASIS. The growth of the new organization has been excellent and its success has prompted the ASIS to form a Classification Management Committee. What effect this will have on the NCMS is not yet known. One thing is certain. The ASIS is larger and more influential. Since classification management as practiced today is largely concentrated in the industrial security function, the ASIS will have a greater representation.

Communication is a real problem in classification. The NCMS has been unable to get started in this area. Only a single issue of the Journal has been published, and it only after some delay. Members have been quite disappointed with the organization in this respect, but attribute it to "growing pains." On the other hand, Industrial Security, published by the ASIS has wide distribution, but only a very small amount of space has been devoted to classification. The articles are

generally informative, factual, and void of controversy. A relatively new publication, Security World, has begun a series on industrial security to include classification management. The articles have been well written and cover all aspects of the situation.

A great deal has been accomplished at the NCMS seminars and ASIS workshops. But annual affairs are not sufficient. The NCMS is not equipped to handle questions as they might arise. Their library is small but growing. Exchange of information is slow as there is no designated agent to direct the efforts. ASIS is well equipped to handle the flow of information from their executive offices, but their classification management program is still in its infancy.

Professional organizations do exist, but have been unable to fulfill their objectives with regard to classification. Publications dealing with the subject are few in number. Communications, especially a "cross talk" between firms, is virtually non-existent and, thus, possible ideas and solutions to individual problems cannot be transmitted.

VI. INDUSTRY-GOVERNMENT COOPERATION

Close cooperation between industry and government is not noticeable. Despite the fact that government has

solicited industry help, such cooperation is rare. Industry claims that government is not flexible enough and the DoD says that industry has just not come forth.

In one sense, this is a problem of training. Government classification people do not really understand industry problems nor do they comprehend the technical language used by the engineer. A great deal of classification is assigned arbitrarily. There is no specialist in classification management in government. At the same time, industry people do not understand "governmentese"--the language of government.

Another problem again is communication. Routes of communication are undefined. For industry to get a clarification of security guidance, the person to whom the query will be directed must be known, and a channel of communication must be found. Also, the individual responsible must be willing and able to make a decision.

VII. INDUSTRY INITIATIVE

The majority of firms surveyed designated an agency or individual to be responsible for classification management. Few firms, however, were adequately staffed to insure proper management of classified inventories. This is especially true with regard to interpretation of classification guidance and review of inventories for

content analysis. Many representatives admitted that their firms were plagued with excess inventories, but personnel were just not available to perform an analysis and review.

User Agencies express a desire for contractors to participate in establishing classification requirements. However, only one firm is known to have actually participated in pre-contract negotiations to assist in this area.[14] The survey also shows that only a small percentage of contractors allow classification personnel to assist in contract negotiation. In most instances, the contract DD Form 254 is just reproduced and distributed without any additional guidance. Contract administrators fail to insure that the customer designates an individual to be responsible for security clarification. Generally, it seems that classification requirements are ignored when planning for individual contracts.

Classification is a responsibility of many areas. Yet often the firm does not designate an individual or agency to coordinate these functions. By now, the reader can see that classification management is not just

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[14]The success of this one firm failed to impress other participants at the NCMS seminar. Few contractors seem willing to spend money before the final contract agreement regardless of the time and money this might save at a later date.

document control and compliance. It is a myriad of other functions which must be coordinated to prevent overclassification.

Even in a function such as document control, industry has only begun to take the initiative. Accounting and inventory are two functions that can be easily accomplished by automation, yet only a few firms have data processed systems. Even with increasing classified inventories, contractors still continue to operate using centralized, hand-controlled systems.

At every turn industry has criticized the DoD for inadequate direction, which has resulted in overclassification. In reality, much of the confusion is due to the lack of initiative on the part of industry to correct the situation. The DoD has been prepared to bargain, so long as the resulting procedures did not violate the intent of the requirements. Government officials have admitted a lack of understanding the problems of industry, but industry representatives have failed to go half-way. Overclassification will not be solved by DoD concessions.

VIII. OVERCLASSIFICATION

Deficiencies in classification begin with the

original classifying authority. The original classification must be correct. From there, the problem is more complex. Government direction is still not specific enough to prevent an amplification of the problem. But, more important, industry has failed to understand the scope of the problem. This is partly due to a failure in communication and a lack of understanding the results of overclassification.

CHAPTER VI

CLASSIFICATION MANAGEMENT

The deficiencies presented in the last chapter can be overcome. There is no simple solution, yet the methods proposed are common techniques of good management. The synthesis of proposals presented along with some new thoughts is not intended as a panacea. But the presentation of how the management of classified materials can prevent overclassification will show possible benefits resulting from a good classification management program.

I. GOVERNMENT DIRECTION

Even though the Department of Defense is responsible for establishing the guidelines, a great deal can be done by industry to improve present procedures. Since this is where classification originates, any proposals for improvement must also begin at this point.

Industrial Security Manual

The National Classification Management Society seminar approached the subject realistically. Meeting just two weeks after the new standards had been published, the Society discussed methods of implementing the

procedures, and denied attempts of members to discuss methods of avoiding the new requirements. Opinion as to the possible benefits of paragraph marking was evenly divided. Firms that had already experimented with the procedure testified that the benefits far outweighed the cost. The Industrial Security Office of the Air Force Systems Command, in a policy letter to its detachments, said it best:

> Paragraph marking has the obvious advantage of specifically identifying information which is classified thereby eliminating unnecessary classification. . . . This is particularly important in the case of technical reports in view of the necessity for making frequent extracts therefrom.[1]

Industry has been given sufficient time to implement this requirement. It appears that industry objections were based on technique and not philosophy. This greatly weakened the apparent overwhelming opposition.[2] Marking requirements still leave something to be desired--

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[1]"Marking of Technical Reports" (Letter from Headquarters, Air Force Contract Management Division, Los Angeles, 15 December 1965).

[2]In an attempt to further sophisticate this requirement, Air Force is adding automatic time-phased downgrading and declassification groupings to selected documents. Thus, a secret paragraph falling under the requirements of group 4 would be preceded by: (S)(Gp 4). Needless to say, this proposal brought many groans from industry representatives.

especially with regard to footnotes, drawings, etc.. Nonetheless, the idea is sound and industry would do well by accepting the requirements instead of blind resistance.

Research and development firms do have difficult problems, but the solution is up to them. Suggestions as to technique must come from the people closest to the problem. Constant complaining is definitely not the solution. The DoD has proven that workable solutions will be adopted so long as the basic intent of classification is not violated.

Retention of classified materials after contract close-out is a question of need. Neither side is able to agree in what form the need must be. One solution exists in the Defense Documentation Center. This is a repository for technical information relating to defense. Material stored there can be retrieved by a contractor with the proper need-to-know. To insure that information is given the widest dissemination, a DDC index is proposed. Such an index would be cross-referenced by subject, author, and title. Interested contractors could subscribe to the index so that all classified information would be available to the contractor when needed.[3]

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[3]At the present time, the only known index of classified defense information is sponsored by the Air Force. However, a more general reference is needed.

The revised ISM is much improved. Any problems are due to procedure, and the DoD has been more than willing to listen to industry in matters of technique.

DD Form 254

One proposal to the dilemma of inadequate classification guidance is industry participation in establishing classification criteria during contract negotiation. Since the contracting officer has difficulty understanding the technical language, the solution seems to be one of allowing a technical representative from both sides to be a part of the negotiating team. These people would discuss classification requirements. With this technique, both sides would better understand the reasons for classification. If, for some reason, additional clarification was needed at a later date, industry would have a government counterpart where questions could be directed.[4] Communication would certainly be expedited.

The second proposal is to let industry prepare a draft DD Form 254 with the request for proposal package.

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[4]One Navy Contracting Officer has attempted to implement a similiar procedure in that he personally accepts all questions related to classification. However, he admits that no decision is made without consulting his technical people and so, this proposal would seem to be better.

This would then be reviewed by the Contracting Officer and his engineers. Most likely, the DoD DD Form 254 would closely resemble the submitted draft. Thus, a small amount of engineering money spent by the firm before contract initiation would save a much greater amount afterwards in attempting to get problems clarified. This has worked well in the few cases where it has been tried, and both the firm and the DoD benefited.

The third proposal is a detailed classification guide which would be attached to the DD Form 254. This also fits into the concept of the revised DD Form 254 which is under consideration. A copy of this form is found in Appendix 6. Examination of this form shows that not only is the checklist format retained, but the greatly needed specific guidance would also be included.

A combination of all the proposals is the best solution. Pre-contract negotiation of classification would be the first step. A draft DD Form 254 would be submitted by the firm when the contract proposal was returned to the User Agency Contracting Officer. Then, at the time of contract acceptance, a classification guide, prepared by the User Agency, would be attached to the contract DD Form 254. The DD Form 254 with attachments would then be a part of the contract.

II. INDUSTRY IMPLEMENTATION

Principles of management are easy to recite, but with regard to classification, they must be identified. There are positive actions that contractors can take to improve the classification system. Basically, actively managing the classified materials from contract negotiation through close-out is the answer. Some specific recommendations are proposed in this section.

Classification Management as a Career

No one individual can possible perform all the required classification tasks in a firm. It has been admitted that classification is one task of many specialties. Emphasis and coordination are needed, and this can best be done by a management specialist.

Classification management cannot support a separate career field. Yet, the management of classified materials is more than a police function. The answer is somewhat of a compromise.

Personnel trained in general management techniques would be ideal. What is required is a coordinator--one who would supervise the various classification tasks performed by the other agencies. The only specialized training would be with regard to the Industrial Security Regulation and the Industrial Security Manual. These are

specific documents and not difficult to understand.

Smaller companies could staff classification management with a general management type of individual. This could even be done on a part-time basis so long as the classification duties were properly emphasized. Larger companies could possibly support a staff with direct responsibilities for document control and accountability. Either way, management must be the emphasis. Advancement opportunities that are management-oriented would be greater than those that are classification-oriented.

Staffing for compliance or document control has not proven effective. The firm must insure the coordination of DD Form 254 interpretation, content analysis reviews, document control, destruction, and compliance as the responsibility of an individual or agency. This is essential before effective planning and control can ever be accomplished.

Pre-Contract Negotiation

Such a procedure has already been suggested with regard to DD Form 254. However, this is one point that cannot be overemphasized. Classification requirements can and must be negotiated. Classification representatives should be an integral part of any negotiating team. Even a detailed classification guide will be less than

sufficient if the company is not aware of the classification philosophy used in a particular project.

The firm must be willing to spend a certain amount of money prior to final contract acceptance. Such planning will surely be beneficial in reducing delays and expense of security clarification after work has started. This will also allow for a better estimation of classification costs and be reflected in more accurate profit planning.

Professional Organizations and Communication

The views expressed by industry with regard to classification must be consolidated into a single, influential voice. For a number of reasons, the National Classification Management is the logical choice. Although it lacks the sophistication of larger organizations, the interest and drive is present. The objectives of the society must be realigned to meet classification needs.

Regional workshops are suggested. At such workshops, User Agency representatives could explain classification philosophy. Management refresher courses could be conducted by university personnel. A greater exchange of ideas would be possible and the techniques of classification could be taught. This would also be a good orientation as well as an excellent means of insuring industry knowledge of the latest requirements and techniques.

Also, the NCMS must establish a national headquarters. Such an agency is needed as a communications link between people with questions and those with possible answers.

Finally, timely and complete information must be made available to industry representatives. This could be in the form of a newsletter or a magazine.

The advantage of the NCMS representing classification personnel is that the society isn't confined to a particular career area. It is able to serve the needs of classification personnel in administration, technical offices, industrial security, and the other specialities, as well as the classification coordinator. This offers a great challenge to this young society and the next few years will determine its success or failure.

Automation

Document control is often cited as the one aspect of classification that is most suitable for data processing techniques.[5] Experience is proving this to be true. Not only does automation facilitate inventory, but it can also be used for relating data to specific contracts and

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[5]Edward G. Goulart, "Classified Document Control: A Synthesis of the Elements Relating to the Development of an Automated System," unpublished Master's thesis, Boston College, 1965.

provide destruction data. Additionally, automated systems can be used to implement downgrading and declassification information.[6]

As automated hardware decreases in size and cost, smaller firms will be able to participate in these refined document control systems. Machine-based systems are a valuable tool in the management of classified inventories. Unfortunately, the same degree of reliability cannot be obtained when establishing the classification and corresponding requirements. But, even considering cost as a factor against an automated document control system, smaller firms fail to use even the most simple techniques.[7]

Control for content cannot be automated, but it can easily be incorporated into an automated system. Aids such as "key word" referencing can be included on punch card and tape information so that actions of re-grading and declassification can be easily identified.

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[6]Robert D. Donovan, "An Automated Document Declassification System" (presented at the 2nd Annual Seminar of the National Classification Management Society, Los Angeles, 16 July 1966).

[7]For example, the document numbering system can be devised to contain a wealth of information. A number such as 66R-146-102D could reference the year of origination (1966), the office of primary responsibility (R), the contract to which the document is related (146), a sequential document number (102), and a reference to the automatic time-phased downgrading and declassification system (D).

Costs

There is a cost of classification even if it is a requisite of doing business with the government. A valid study is yet to be conducted. One survey respondent plans a cost analysis in the near future. More facts are needed so as to include the smaller firms. Perhaps a comprehensive study financed by the DoD would be the solution. Studies could be made in many firms so that "representative" costs could be estimated. No matter what method is used, the methodology must be agreed upon by both industry and the DoD before the results can have any significance.

Summary

In effect, industry must staff, plan, organize, and control the management of classified inventories. These techniques have worked quite well in other functions of the corporate organization. There is no reason why these same techniques cannot be applied to classification. As a matter of fact, the absence of any such techniques has resulted in the majority of deficiencies today which are responsible for an acknowledged overclassification dilemma.

III. CLASSIFICATION AND INFORMATION

To what extent classification impedes the flow of

nformation is a question that cannot be answered. Some dea of the effect on the scientific community was iscussed at the recent NCMS seminar. The free flow of nowledge has almost come to a halt. Some of our great cientists have been restricted from doing work in their ields because of security reasons. A great mistrust has risen between the security man and the scientist.[8] Some laim that too broad an area is considered classified nformation and that the real secrets are "devalued."[9]

One solution already mentioned was suggested by the Wright Commission many years ago. That was to eliminate the CONFIDENTIAL category and protect only the really sensitive information. Even with regard to more sensitive scientific information:

> General principles can be kept secret for only a short time. Secrecy does not prevent the spread of ideas or their rediscovery by the scientists of other nations.[10]

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[8]This is further emphasized in: Wallace Parks, "Secrecy and the Public Interest in Military Affairs," George Washington Law Review, October, 1957, pp. 39-45.

[9]Robert D. Donovan, "Science, Security and Information" (presented before the Research Security Administrators, Los Angeles, Summer, 1966), p. 6.

[10]Dr. Edward Teller and Allen Brown, "Secrecy is Not Security," Air Force and Space Digest, January, 1961, p. 93.

This becomes more of a problem as our technology increases. Each new discovery is more sophisticated than the last and possible military implications are increased. Once classification controls are applied, development ceases.[11]

This is the one problem that cannot be dealt with by procedural recommendations. All ramifications of the "information explosion" are not yet understood. One thing is certain. Industry must first recognize and identify the problem. It is not enough for the scientist to act--top management must act. A clarification or restatement of classification philosophy would be the goal of such industry action.

The effect of classification on information flow is the problem of the future. However, action is needed now as any changes will come only with time. Industry and the public must act soon before information flow is hopelessly bogged down and progress stymied.

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[11]The development of the laser is a good example. When discovered, it was proposed as having the greatest possibilities of any project in recent years. Immediately, military applications were developed, and it is said that laser development has slowed almost to a halt.

CHAPTER VII

CONCLUSION

Classification requirements have existed quite some time without the benefit of managerial control. Procedures were established and developed so that overclassification of official information has grown into a problem of overwhelming proportions.

The Department of Defense was quick to realize that the management of classified materials was needed as a separate program. Although the DoD program is far from perfect, it has certainly been a major factor in improving classification guidance. Industry help and cooperation is sought by all agencies. Government representatives, for the most part, are listening to industry complaints and attempting to take corrective action. However, the "diseconomies of scale" are evident and produce much misunderstanding. Delays are frequent and lengthy, and unwillingness to change procedures still exist as problems. Generally, the DoD Directorate of Classification Management has done an excellent job in combating these faults. The revised Industrial Security Manual and soon to be revised DD Form 254 are giant steps toward accurate and concise DoD direction to the contractor.

Industry on the other hand has been slow in accepting classification as an ordinary function of the business enterprise. Ignoring the problem has resulted in many deficiencies which are now being recognized. A change in contracting procedures has forced the defense contractor to carefully examine his costs. The effect of overclassification is not fully realized but at least it is being recognized. This thesis has identified some of the major classification deficiencies and their effects. Eliminating many of these deficiencies is a matter of applying the same techniques of management to classification that are applied to finance, marketing, or production. Following the definition presented in the first chapter, it is a matter of staffing, planning, organizing, and controlling. The important feature is that procedural remedies are available. It is now up to the initiative of industry management.

Attention cannot be limited to the past and present problems. Classification management must also set the sights toward the future. The effects of classification on information flow must be brought into focus. It has been the intent of the thesis to identify the situation in hopes that both industry and government will plan for action.

Defense contractors need active and vigorous

classification management programs to cope with the past, present, and future problems of classification. The rewards will be a decrease in the costs of defense contracts, as well as the benefits of a more efficient flow of information.

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APPENDIXES

APPENDIX 1

Much of the information presented in the body of the thesis is based on a survey conducted by the author in July, 1966. Questionnaires were sent to the defense-oriented firms listed in Appendix 2. Thirty-seven returns were received representing fourty-one respondents. This is not a statistical discrepancy, but, is the result of the pooling of answers by larger firms where more than one response had been requested.

The questionnaire was divided into seven sections. A strict tabulation or average compilation of each question would be inadequate. Where appropriate, interpretation of the responses will be offered.

I GENERAL INFORMATION

1. Major products or services of your company:

12 - electronics
8 - aerospace
6 - research and development
4 - communications
1 - ordnance
6 - other

2. On what type of government contracts do you perform?

19 - Hardware
11 - Research and Development
7 - Both

3. With which Defense User Agency are you involved?

4 - Army
3 - Navy
4 - Air Force
19 - All
7 - Other (NASA, AEC, etc.)

4. With which Cognizant Security Office are you associated?

14 - Los Angeles
5 - Boston
4 - Philadelphia
4 - San Francisco
4 - New York
2 - Atlanta
1 - Dallas
1 - St. Louis
1 - Cleveland

5. Approximate number of persons served by your security office -

6 - less than 500
7 - 501 - 1000
9 - 1001 - 3000
15 - over 3000

II CLASSIFICATION MANAGEMENT PROGRAM

6. Is there an office or individual in your company responsible for supervising or monitoring the generating, marking, grouping, control, review, return, and destruction of classified material?

   33 - Yes
   4 - No

   Identify:

   26 - Industrial Security
   3 - Classification
   3 - Information
   1 - Technical

7. Does your company have a classification management program?

   15 - Yes
   22 - No

8. If so, is this program conducted:

   6 - on a full-time basis?
   9 - as a part-time duty of:
      1 - contracts?
      6 - security?
      1 - administration?
      1 - other?

9. Under what department or organizational element is the classification management function represented?

   7 - Industrial Security
   3 - Classification Management
   3 - Administration
   2 - Contracts

10. Where is the classification management function located in your organizaticnal structure?

    Most all respondents answered this the same as the last question.

11. Is the classification management function performed by:

    9 - an individual?

    6 - a group?

12. Should the security office function and the classification function in a facility be separated?

    16 - Yes

    19 - No

    Those answering negatively felt that inspection should not be separated from performance responsibility. The others felt that the two functions were dissimiliar in intent.

III CLASSIFICATION MANAGEMENT PERSONNEL

13. Does your company have employees performing classification functions as a primary duty?

    6 - Yes

    31 - No

14. If so:

    what is the title ascribed to these individuals?

    2 - Security Representative

    2 - Classification Management Specialist

    1 - Classification Guidance Representative

    1 - Classification Control Representative

how many job levels are involved?

__2__ - Two

what are the salary grades involved?

The average is $600-$1000 a month.

15. Do you feel that a classification management career field is warranted?

__25__ - Yes

__12__ - No

Those answering in the affirmative felt that sufficient emphasis was not being given to classification and that there is a lot to be done. Those giving a negative answer were generally from smaller firms and expressed the opinion that a career field would be too limited.

IV EFFECTS OF CLASSIFICATION MANAGEMENT ON CLASSIFIED INVENTORIES

16. What is the approximate amount of classified material your facility is accountable for?

_____ Number of SECRET documents

_____ SECRET hardware

_____ Estimated number of CONFIDENTIAL documents

_____ Estimated CONFIDENTIAL hardware

17. What is the approximate rate you are adding to your SECRET inventories?

18. What is the approximate rate you are reducing SECRET inventories through:

_____ destruction?

_____ regrading?

_____ declassification?

_____ transmitted out?

These three questions brought out two very important facts. First, the vast majority of classified documents are CONFIDENTIAL. Secondly, the actual inventories of SECRET materials show a net growth in most firms.

19. What type of document control system do you have?

20 - Centralized - one master control center.

9 - Partially centralized - several control centers.

5 - Decentralized - unit control centers.

20. Is your document control system:

23 - hand controlled?

6 - semi-automated?

5 - data processed?

21. Do you feel that electronic data processing techniques are practical for controlling classified inventories?

The majority of respondents gave an affirmative reply. Those with a negative reply felt that the expense of automated equipment was too great or that the amount of classified materials handled was not great enough to warrant the expense.

22. Is document control a function of:

18 - industrial security?

11 - administration?

6 - classification management?

1 - contracts?

23. What type of document control numbering system do you have?

24. Does it provide:

___ - a means of establishing a document's year of origination?

___ - a means of establishing the contract or office to which the document is related?

___ - an identification of the regrading or declassification requirements?

The last two questions demonstrated that over half of the respondents used a consecutive numbering system regardless of contract, date, etc. Some firms use very sophisticated systems. A surprising number of respondents did not answer this question.

25. How often is a systematic classification review conducted in your organization?

for accounting	for content accuracy
_____	_____

Exact figures were difficult to tabulate. Accounting accuracy is required and so all firms comply with this requirement. Content review was a procedure in a few firms on an "as needed" basis and usually in conjunction with contract review.

26. If you have a specific declassification program, please describe briefly.

Most firms follow the automatic system. A few reported that a content review is the basis for additional guidance being requested from the originator where the classification is in doubt.

27. With regard to contract negotiations for your own contracts and sub-contracts:

__8__ - do classification management personnel participate?

__6__ - are they reviewed by classification management for impact on company costs?

__2__ - if classification management personnel are on the negotiating team, do they participate in all phases of the negotiations?

The remaining respondents had a negative answer or failed to answer this question.

V COST STUDIES

Costs to be considered are as follows: Direct costs, secretary processing, document control, mail and courrier costs, and recipient handling costs. Indirect costs of personnel clearances, security education, personnel costs (such as guards, industrial security, document control, classification management, etc.) and materials costs (such as stamps, filing cabinets, locks, safes, records retention, etc.).

28. What do you estimate as the additional cost (over unclassified) of generating, accounting, reproducing, handling, protecting, and destruction of:

$5-$100 - a SECRET document for the first year?

$1-$20 - a SECRET document for succeeding years?

$.50-$10 - a CONFIDENTIAL document for the first year?

$.25-$2 - a CONFIDENTIAL document for succeeding years?

Many respondents did not reply to this question and some admitted they just didn't have any idea. A range of the replies is given to show the disparity in estimates.

29. What is the approximate annual cost to your company of classified document controls?

    $25,000-$50,000 was the average answer.

30. Has your company made any cost studies in this area?

    1 - Yes (Lockheed)
    36 - No

    One firm indicated a study would be conducted in the near future.

VI DEPARTMENT OF DEFENSE DIRECTIVES

DoD Instruction 5210.47

31. If you have a copy of this instruction, please describe any portions of the instruction that you would feel restrictive from the contractor point of view, the adverse effects on your operations, and suggestions for improvement.

    Over ninety percent of the respondents had no comment. Many admitted that they did not have a copy of the Instruction.

Industrial Security Regulation - Industrial Security Manual

32. Do you feel that the ISR provides adequate guidance in preparation of DD Form 254?

    9 - Yes
    24 - No

33. What are some of the major deficiencies in the ISM peratining to classification management?

    Some of the replies were:

    1. Not enough emphasis on classification management.
    2. Manual is hardware oriented.
    3. Inadequate classification guidance.

4. Requiring supervisor to determine necessity, currency, and adequacy to classifications applied. The supervisor is usually not trained for this task.

5. Automatic, time-phased downgrading and declassification system.

34. Please note, with brief comment, some areas of the new ISM which you feel will be burdensome to the contractor:

__6__ - paragraph 10c(1) and (2)(Classification)

__31__ - paragraph 11 (Marking)

__0__ - paragraph 12 (Record of Classified Materials)

__0__ - paragraph 12f(1) (Production of Classified Material)

__4__ - Other

DD Form 254

35. Approximately how many DD Form 254's does your facility receive annually?

__4__ - 1 to 10

__8__ - 11 to 25

__7__ - 26 to 100

__8__ - over 100

36. What office in the company is responsible for interpreting the DD Form 254's you receive?

__19__ - Industrial Security

__5__ - Program Manager

__4__ - Contracts

__2__ - Classification Management

37. How are the classification requirements specified in the DD Form 254 made known to applicable users?

16 - DD Form 254 reproduced and distributed.
9 - Specific guidance published.
10 - A combination of the above.

38. Approximately how many DD Form 254's does your facility prepare annually for subcontractors?

17 - less than 25
4 - 25 to 50
2 - 50 to 100
2 - over 100

39. Who is responsible for second tier subcontract review to insure accuracy?

11 - Contracts
9 - Industrial Security
2 - Classification Management
8 - Other

40. When do you normally receive DD Form 254?

___ - With RFP or RFQ.
___ - During negotiations.
___ - With the Contract.
___ - After the contract is received.
___ - On completion of the contract.

If you have experienced delays, what type of classification guidance is normally received by the time work has started?

The answers were varied and difficult to interpret. DD Form 254's are received at various stages--often there is one at RFP, another during negotiations and again a post-final copy on completion of the contract. With the half-dozen firms that had experienced delays, a letter in lieu of the form was usually received.

41. In your opinion, is the DD Form 254:

    21 - insufficiently specific?
    6 - sufficiently specific?
    2 - applicable to the contract?
    2 - adequate for ready interpretation?

42. How could the DD Form 254 be made more appropriate to your type of work?

    21 - Attachment of a detailed classification guide.
    5 - More specific items.
    5 - Other.

43. In your opinion, what can be done by government and industry to assure more specific security guidance is given to the contractor before a contract is issued or a DD Form 254 is served on the contractor?

    1. Pre-contract negotiations.
    2. Align classification with technical material.
    3. Make classification personnel more technically oriented.
    4. Make extensive use of classification guides.
    5. Allow contractor to submit classification guides with RFP or RFQ.
    6. Make classification a more specific part of the contract.

44. Note briefly any recommendation you have for alteration, revision, or replacement of the DD Form 254.

    The two most mentioned were:

    1. Delete checklist format.
    2. Attach a detailed classification guide.

Other

45. Please note with comment, any other regulations, manuals, or instructions that, in your opinion, need specific improvement.

Few comments were received.

VII OTHER COMMENTS

1. Criticisms of the National Classification Management Society.
2. Contractor does not participate enough in preparation of DD Form 254.
3. Present guidance in not sufficient for quick decisions.
4. CONFIDENTIAL is not a worthwhile classification.
5. Communication between industry and government is very poor.

Many of the specifics presented in the returns were factual and informative. Only a few firms elected to withhold information of a proprietary nature. Overall, the questionnaire returns were a vital and beneficial supplement to the research program.

APPENDIX 2

This appendix contains a listing of the defense contractors contacted during the research stages of the thesis. As questionnaire respondents were not required to identify the name of the company, actual participants cannot be identified. However, this list should serve to acquaint the reader with the type of contractor firms contacted.

ACF Industries
Aerojet General
Airborne Instruments Lab.
American District Telegraph
Atlantic Research Corp.
AVCO
Bell Aerosystems
Bendix
Bunker Ramo
Curtiss-Wright
Diebold
E G & G, Inc.
Fairchild Hiller
Federal Pacific Electric
General Dynamics
General Motors
Grumman
Heliodyne
Hiller Aircraft
Honeywell
IBM
Itek
Kaman Aircraft
Litton Industries
Loral Electronics
Magnavox
Martin-Marietta
Mosler
National Scientific Labs.
Aerospace Corporation
Aerolab Development Co.
Aircraft Armaments
Arthur D. Little, Inc.
Autonetics
Battelle Memorial Institute
Belock Instruments
Boeing
Burroughs Corp.
Defense Electronics
Douglas
Fairchild Camera & Instrument
FMC Corp.
Garrett Corp. - Airesearch
General Electric
General Precision
H. Koch & Sons, Inc.
Hercules Powder Co.
Holston Defense Corp.
Hughes Aircraft
ITT-Kellogg
Jet Propulsion Laboratory
LTV
Lockheed
McDonnell Aircraft
Marquardt Corp.
Monsanto Research Corp.
Motorola
North American Aviation

Northrop
Philco Corp.
RCA
Republic Aviation
Saratoga Industries
Space General Corp.
Stanford Research Institute
Sylvania
Systems Sciences Corp.
Thiokol
Varian
Western Electric
Olin
Rand Corp.
Raytheon
Research Analysis Corp.
Sheffield Edward Associates
Sperry-Rand
Studebaker
System Development Corp.
Texas Instruments
TRW, Inc.
Volt Technical Corp.
Westinghouse

APPENDIX 3

DEPARTMENT OF DEFENSE

SECURITY AGREEMENT

THIS AGREEMENT, entered into this day of 19

by and between THE UNITED STATES OF AMERICA through the Defense Contract Administration Services, Defense Supply Agency

acting for the Department of Defense (*hereinafter called the Government*) and (i)

a corporation organized and existing under the laws of the State of

(ii) a partnership consisting of

(iii) an individual trading as

with its principal office and place of business at in the city of

State of (*hereinafter called the Contractor*).

WITNESSETH THAT:

WHEREAS, the Government, through the Department of the Army, the Department of the Navy, and/or the Department of the Air Force, has in the past purchased or may in the future purchase from the Contractor supplies or services which are required and necessary to the national defense of the United States, or may invite bids or request quotations on proposed contracts for the purchase of supplies or services which are required and necessary to the national defense of the United States; and

WHEREAS, it is essential that certain security measures be taken by the Contractor prior to and after his being accorded access to classified information, and

WHEREAS, the parties desire to define and set forth the precautions and specific safeguards to be taken by the Contractor and the Government in order to preserve and maintain the security of the United States through the prevention of improper disclosure of classified information derived from matters affecting the national defense; sabotage; or any other act detrimental to the security of the United States:

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises herein contained, the parties hereto agree as follows:

Section I—SECURITY CONTROLS

(A) The Contractor agrees to provide and maintain a system of security controls within its or his own organization in accordance with the requirements of the Department of Defense Industrial Security Manual for Safeguarding Classified Information attached hereto and made a part of this agreement, subject, however, (i) to any revisions of the Manual required by the demands of national security as determined by the Government, notice of which has been furnished to the Contractor, and (ii) to mutual agreements entered into by the parties in order to adapt the Manual to the Contractor's business and necessary procedures thereunder. In order to place in effect such security controls, the Contractor further agrees to prepare *Standard Practice Procedures* for its or his own use, such procedures to be consistent with the Department of Defense Industrial Security Manual for Safeguarding Classified Information. In the event of any inconsistency between the Contractor's Standard Practice Procedures and the Department of Defense Industrial Security Manual for Safeguarding Classified Information as the same may be revised, the Manual shall control.

(B) The Government agrees that it shall indicate when necessary by security classification (*Top Secret, Secret, or Confidential*), the degree of importance to the national defense of information pertaining to supplies, services, and other matters to be furnished by the Contractor to the Government or the Government to the Contractor, and the Government shall give written notice of such security classification to the Contractor and of any subsequent changes thereof; provided, however, that matters requiring security classification will be assigned the least restrictive security classification consistent with proper safeguarding of the matter concerned, since overclassification causes unnecessary operational delays and depreciates the importance of correctly classified matter. Further, the Government agrees that when Atomic Energy information is involved it will when necessary indicate by a marking additional to the classification marking that the information is "Restricted Data—Atomic Energy Act, 1946." The Contractor is authorized to rely on any letter or other written instrument signed by the contracting officer changing the classification of matter. The Government also agrees upon written application of the Contractor to designate employees of the Contractor who may have access to information classified Top Secret or Secret or to information classified Confidential when "Restricted Data" is involved, or to matter involving research, development, or production of cryptographic equipment, regardless of its military classification; and alien employees to have access to any classified matter.

(C) The Contractor agrees that if or he shall determine that any subcontractor, subbidder, individual, or organization proposed by it or him for the furnishing of supplies or services which will involve access to classified information in its or his custody has executed a Department of Defense Security Agreement which is still in effect, with any Military Department, prior to being accorded access to such classified information.

Section II—INSPECTION

Designated representatives of the Government responsible for inspection pertaining to industrial plant security shall have the right to inspect at reasonable intervals the procedures, methods, and facilities utilized by the Contractor in complying with the requirements of the terms and conditions of the Department of Defense Industrial Security Manual for Safeguarding Classified Information. Should the Government, through its authorized representative, determine that the Contractor's security methods, procedures, or facilities do not comply with such requirements, it shall submit a written report to the Contractor advising him of the deficiencies.

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Section III—MODIFICATION

Modification of this security agreement (*as distinguished from the Industrial Security Manual for Safeguarding Classified Information, which may be modified in accordance with section I of this agreement*) may be made only by written agreement of the parties hereto.

Section IV—TERMINATION

This agreement shall remain in effect until terminated through the giving of 30 days' written notice to the other party of intention to terminate; provided, however, notwithstanding any such termination, the terms and conditions of this agreement shall continue in effect so long as the Contractor has classified information in his possession or under his control.

Section V—PRIOR SECURITY AGREEMENTS

As of the date hereof, this security agreement replaces and succeeds any and all prior security or secrecy agreements, understandings, and representations with respect to the subject matter included herein, entered into between the Contractor and the Department of the Army, the Department of the Navy, and/or the Department of the Air Force *Provided*, That the term "security or secrecy agreements, understandings, and representations" shall not include agreements, understandings, and representations contained in contracts for the furnishing of supplies or services to the Government heretofore entered into between the Contractor and the Department of the Army, the Department of the Navy, and/or the Department of the Air Force.

Section VI—SECURITY COSTS

This agreement does not obligate Government funds, and the Government shall not be liable for any costs or claims of the Contractor arising out of this agreement or instructions issued hereunder. It is recognized, however, that the parties may provide in other written contracts for security costs which may be properly chargeable thereto.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written:

THE UNITED STATES OF AMERICA

By _____

_____
(Authorized representative of the Government)

_____
(Corporation)

By _____

WITNESS

_____

_____
(Firm)

_____
(Title)

NOTE—In case of corporation, witnesses not required but certificate below must be completed. Type or print names under all signatures.

_____
(Address)

NOTE.—*Contractor, if a corporation, should cause the following certificate to be executed under its corporate seal, provided that the same officer shall not execute both the agreement and the certificate.*

CERTIFICATE

I, _____, certify that I am the _____ of the corporation named as Contractor herein; that _____ who signed this agreement on behalf of the Contractor, was then _____ of said corporation, that said agreement was duly signed for and in behalf of said corporation by authority of its governing body and is within the scope of its corporate powers.

(*Corporate Seal*)

_____
(Signature)

APPENDAGE TO DEPARTMENT OF DEFENSE SECURITY AGREEMENT

It is further agreed, on this _____ day of _____ 19___, by and between the United States of America through the Defense Contract Administration Services, Defense Supply Agency, acting for the Department of Defense, hereinafter called the Government, and _____ which has entered into the Security Agreement to which this appendix is made a part that the branches and or facilities listed below, owned and/or operated by said contractor are included in and covered by the provisions of the said Security Agreement, and Certificate Pertaining to Foreign Affiliation, DD Form 441s.

NAME OF PLANT OR FACILITY	NUMBER AND STREET ADDRESS	CITY AND STATE

THE UNITED STATES OF AMERICA	CONTRACTOR
BY	BY (Authorized Representative of Contractor)
AUTHORIZED REPRESENTATIVE OF THE GOVERNMENT	TITLE
	ADDRESS

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APPENDIX 4

(See Section VII, Industrial Security Regulation)	DEPARTMENT OF DEFENSE **SECURITY REQUIREMENTS CHECK LIST** *(CLASSIFICATION SPECIFICATIONS)* *(FOR PRIME AND SUBCONTRACTS INVOLVING CLASSIFIED INFORMATION)*	(See Section II, Industrial Security Manual for Safeguarding Classified Information)

1. THIS CHECK LIST IS FOR:	2. CONTRACT NUMBER OR OTHER IDENTIFICATION NUMBER *(Prime contracts must be shown for all subcontracts)*	3. THIS CHECK LIST IS: *(See note below)*	DATE	4. FACILITY SECURITY CLEARANCE REQUIRED FOR CONTRACT PERFORMANCE OR FOR ACCESS TO CLASSIFIED INFORMATION
☐ a. PRIME CONTRACT	a. PRIME	☐ a. ORIGINAL CHECK LIST		☐ a. TOP SECRET
☐ b. SUBCONTRACT *(Use Item 13 to identify further subcontracting)*	b. SUBCONTRACT	☐ b. REVISED CHECK LIST *(Supersedes all previous lists)*		☐ b. SECRET
☐ c. INVITATION TO BID OR REQUEST FOR PROPOSAL	c. INVITATION TO BID OR REQUEST FOR PROPOSAL	☐ c. FINAL CHECK LIST FOR CONTRACT TERMINATION OR COMPLETION		☐ c. CONFIDENTIAL

5a. NAME AND ADDRESS OF PRIME CONTRACTOR	b. NAME AND ADDRESS OF COGNIZANT SECURITY OFFICE

6a. NAME AND ADDRESS OF SUBCONTRACTOR *(If applicable)* *(Use Item 13 to identify further subcontracting)*	b. NAME AND ADDRESS OF COGNIZANT SECURITY OFFICE

7. SECURITY REQUIREMENTS CHECK LIST FOR SUBCONTRACTING FROM THIS ☐ PRIME CONTRACT ☐ SUBCONTRACT WILL BE APPROVED BY:

a. USER AGENCY DESIGNEE	b. ADDRESS

8. DEFENSE DOCUMENTATION CENTER SERVICES MAY BE REQUESTED
☐ YES ☐ NO

9. GENERAL IDENTIFICATION OF THE PROCUREMENT FOR WHICH THIS CHECK LIST APPLIES *(If classified, complete this item by separate correspondence)*

10. PROPOSED PUBLICITY RELEASES SHALL BE SUBMITTED FOR APPROVAL PRIOR TO RELEASE ☐ DIRECT ☐ THROUGH *(Specify)*:

TO THE OFFICE OF SECURITY REVIEW, OFFICE OF THE SECRETARY OF DEFENSE FOR REVIEW IN ACCORDANCE WITH THE INDUSTRIAL SECURITY MANUAL.

11. RESTRICTED DATA IS INVOLVED IN THIS CONTRACT YES NO

NOTE: Original Check Lists *(Item 3a)* are authority for contractors to mark classified information. Revised and Final Check Lists *(Items 3b and c)* are authority for contractors to remark the regraded classified information. Such actions by contractors shall be taken in accordance with the provisions of paragraph 11 of the Industrial Security Manual.

DD FORM 1 DEC 65 254 EDITION OF 1 OCT 64 MAY BE USED UNTIL EXHAUSTED PAGE 1 OF ___ PAGES

12. INFORMATION PERTAINING TO PERFORMANCE CHARACTERISTICS, TEST DATA AND DESIGN	TOP SECRET	SECRET	CONFIDENTIAL	CONFIDENTIAL (Modified Handling Authorized)	UNCLASSIFIED	Information pertaining to classified contracts or projects, even though such information is unclassified, shall not be released for public dissemination except as provided by the Industrial Security Manual.
a. ACCURACY: (1)						
(2)						
b. ALTITUDE: (1)						
(2)						
c. COUNTER COUNTERMEASURES CAPABILITY: (1)						
(2)						
d. DEPTH: (1)						
(2)						
e. DESIGN INFORMATION: (1)						
(2)						
f. FORMULA OR MATERIAL: (1)						
(2)						
g. FUEL/PROPELLANT: (1) TYPE						
(2) CONSUMPTION						
(3) CAPACITY						
(4)						
h. LETHALITY/CRITICAL EFFECTS: (1)						
(2)						
i. MANEUVERABILITY: (1)						
(2)						
j. OPERATIONAL READINESS (Alert) TIME/TIME CYCLE: (1)						
(2)						
k. ORBIT/TRAJECTORY: (1)						
(2)						
l. RANGE: (1)						
(2)						
(3)						

NOTE: For definitions of terms, see Industrial Security Regulation, Section VII, or Industrial Security Manual, Appendix I, paragraph I.

12. INFORMATION PERTAINING TO PERFORMANCE CHARACTERISTICS, TEST DATA AND DESIGN	TOP SECRET	SECRET	CONFIDENTIAL	CONFIDENTIAL (Modified Handling Authorized)	UNCLASSIFIED	
m. RELIABILITY						
(1)						
(2)						
n. RESOLUTION						
(1)						
(2)						
o. SIGNATURE CHARACTERISTICS						
(1)						
(2)						
(3)						
(4)						
p. SPEED/VELOCITY:						
(1) MAXIMUM						
(2) CRUISING						
(3) TAKE-OFF OR LAUNCHING						
(4) LANDING						
(5) ACCELERATION AND/OR DECELERATION						
(6)						
q. SYSTEM CAPACITY						
(1)						
(2)						
r. TERMINAL BALLISTICS						
(1)						
(2)						
s. THRUST:						
(1) CLASS						
(2) SPECIFIC						
(3) SPECIFIC IMPULSE						
t. VULNERABILITY						
(1)						
(2)						

Information pertaining to classified contracts or projects, even though such information is unclassified, shall not be released for public dissemination except as provided by the Industrial Security Manual.

NOTE: For definitions of terms, see Industrial Security Regulation, Section VII, or Industrial Security Manual, Appendix I, paragraph I.

13. END ITEM PRODUCED UNDER CONTRACT	TOP SECRET	SECRET	CONFIDENTIAL	CONFIDENTIAL (Modified Handling Authorized)	UNCLASSIFIED
a. CLASSIFICATION OF END ITEM					
b. EXTERNAL VIEW					
c. MILITARY APPLICATION					
d. NUMBERS CONTRACTED					
e. PRODUCTION AND PROGRAM SCHEDULES					
f. RATE OF DELIVERY					
g. NUMBERS DELIVERED					
h. DEGREE OF PROTECTION IN TRANSIT					
i. UNIT COST					
j.					
14. ADDITIONAL *(Attach additional sheets, if necessary)* a.					
b.					
c.					

15. REMARKS *(Attach additional sheets if necessary and continue paragraph designation)*

REQUIRED DISTRIBUTION:

- ☐ PRIME CONTRACTOR *(Item 5a)*
- ☐ COGNIZANT SECURITY OFFICE *(Item 5b)*
- ☐ DIRECTOR, FEDERAL BUREAU OF INVESTIGATION WASHINGTON, D.C. *(Only for Items 1a & 1b)*
- ☐ SUBCONTRACTOR *(Item 6a)*
- ☐ COGNIZANT SECURITY OFFICE *(Item 6b)*

ADDITIONAL DISTRIBUTION:

- ☐
- ☐

REFER ALL QUESTIONS PERTAINING TO THIS CHECK LIST TO THE APPROVING OFFICIAL BELOW

FOREGOING SECURITY REQUIREMENTS CHECK LIST APPROVED BY USER AGENCY CONTRACTING OFFICER OR REPRESENTATIVE.

SIGNATURE

TYPED NAME AND TITLE OF APPROVING OFFICIAL

CONTRACTING USER AGENCY AND ADDRESS

Information pertaining to classified contracts or projects, even though such information is unclassified, shall not be released for public dissemination except as provided by the Industrial Security Manual.

SECURITY CLASSIFICATION SPECIFICATION FOR CONTRACTS
(Used in Lieu of DD Form 254)

See Section II, Industrial Security Manual for Safeguarding Classified Information

DATE PREPARED

1. NAME AND ADDRESS OF CONTRACTOR

2. PRIME CONTRACT NUMBER

3. SUBCONTRACT NUMBER

4. GENERAL IDENTIFICATION OF THE PROCUREMENT FOR WHICH THIS CHECK LIST APPLIES *(If classified, complete this item by separate correspondence)*

5. THIS SPECIFICATION IS:	DATE OF ASSIGNMENT
A. ORIGINAL ASSIGNMENT FOR: (1) PRIME CONTRACT	
(2) SUBCONTRACT	
B. REVISED ASSIGNMENT	
C. FINAL ASSIGNMENT	

6. SECURITY REQUIREMENTS CHECK LIST FOR SUBCONTRACTING FROM THIS ☐ PRIME CONTRACT ☐ SUBCONTRACT WILL BE APPROVED BY:

A. USER AGENCY DESIGNEE

B. ADDRESS

7. NAME AND ADDRESS OF COGNIZANT SECURITY OFFICE

8. DEFENSE DOCUMENTATION CENTER SERVICES MAY BE REQUESTED

☐ YES ☐ NO

9

a. Access to or generation of classified information at the _____ level will occur in the performance of this contract. Therefore, this is a "classified contract" as the term is used in security regulations.

b. Information obtained and/or reproduced as a result of such access shall be marked and protected in accordance with the classification assigned.

c. Proposed publicity releases shall be submitted for approval prior to release to:

_____
(Office To Which Public Releases Should Be Submitted)

10. DATA SPECIFICATIONS OR REMARKS

11. NAME AND ADDRESS OF CONTRACTING ACTIVITY

12 SIGNATURE *(Contracting Officer's Representative)*

13 DISTRIBUTION OF COPIES

☐ PRIME CONTRACTOR ☐ COGNIZANT SECURITY OFFICE ☐ DIRECTOR FBI, WASH., D. C. ☐ SUBCONTRACTOR

☐ ADDITIONAL DISTRIBUTION:

DD FORM 1 FEB 66 254-1 REPLACES EDITION OF 1 DEC 65 WHICH MAY BE USED

APPENDIX 5

DEPARTMENT OF DEFENSE

INDUSTRIAL SECURITY INSPECTION CHECK LIST FOR CONTRACTORS FACILITIES

Form Approved
Budget Bureau No. 22-R133

IF MORE SPACE IS NEEDED UNDER PARTICULAR ITEMS IN THE CHECK LIST, USE ADDITIONAL SHEET(S) AND IDENTIFY EACH ENTRY TO THE PERTINENT ITEM

NAME AND ADDRESS OF FACILITY	NAME AND ADDRESS OF COMPANY OPERATING THE FACILITY	NAME AND ADDRESS OF PARENT ORGANIZATION

NAME OF FACILITY SECURITY OFFICER	LAST SECURITY INSPECTION CONDUCTED BY *(Activity and date)*

NAMES AND TITLES OF PERSONS INTERVIEWED DURING SURVEY

SECTION I

A. EVALUATIONS *(Completed by inspector)*

CONDITION	SAT	UNSAT	CONDITION	SAT	UNSAT	NON-APPL
OVER-ALL PLANT SECURITY			SECURING ROUTE OF FINISHED CLASSIFIED PRODUCTION			
ALL MEANS OF SAFEGUARDING CLASSIFIED INFORMATION			SECURING OF RESTRICTED AND CLOSED AREAS			
VISITOR CONTROL			GUARD SYSTEMS			
STANDARD PRACTICE PROCEDURES MANUAL *(obtain copy)*			THE FACILITY HAS CURRENT INDUSTRIAL SECURITY MANUAL FOR SAFEGUARDING CLASSIFIED INFORMATION ☐ YES ☐ NO			

B. RECOMMENDATIONS

(All recommendations will be referenced to the pertinent item in Section II)

DATE OF INSPECTION	DATE OF NEXT SCHEDULED INSPECTION *(If follow-up inspection is recommended)*	COGNIZANT SECURITY OFFICE CONDUCTING INSPECTION

NAME OF SECURITY INSPECTOR *(Typed or printed)*	SIGNATURE OF SECURITY INSPECTOR

DD FORM 1 JUL 54 696 PREVIOUS EDITIONS ARE OBSOLETE

SECTION II

A. SECURITY REPRESENTATIVE

1. THE COMPANY HAS DESIGNATED SECURITY REPRESENTATIVE(S) WHO DEVOTE(S) ENOUGH TIME TO INSURE ADEQUATE SECURITY ☐ YES ☐ NO

2. DELEGATION OF SECURITY RESPONSIBILITY TO BRANCH CHIEFS OR REPRESENTATIVES BY ☐ WRITTEN INSTRUCTIONS ☐ ORAL INSTRUCTIONS ☐ NONE

3. NUMBER OF EMPLOYEES	4. NUMBER OF ALIENS	5. NUMBER OF EMPLOYEES CLEARED FOR	TOP SECRET	SECRET	CONFIDENTIAL	COMPANY CONFIDENTIAL

6. DESIGNATE CLEARANCE OF SECURITY OFFICER

7. SECURITY OFFICER CLEARED BY *(Name of office)*

REMARKS

B. FACILITY CLEARANCE

ITEM	YES	NO	ITEM	YES	NO	ITEM	YES	NO
1. THERE IS INDICATION OF FOREIGN OWNERSHIP, CONTROL OR INFLUENCE *(If yes, indicate under Remarks)*			2. THERE HAVE BEEN RECENT CHANGES OF OFFICERS, DIRECTORS OR KEY PERSONNEL *(If yes, indicate under Remarks)*			3. FORMAL RESOLUTION PASSED AS PRESCRIBED BY PARAGRAPH 2-101a *(d)* OF A.F.I.S.R.		
4. FACILITY CLEARANCE IS IN ACCORDANCE WITH CURRENT REGULATIONS			5. ALL CHANGES *(in Item 2)* WERE REPORTED TO COGNIZANT OFFICE			6. EXTRACT OF FORMAL RESOLUTION *(Item 3)* WAS FURNISHED COGNIZANT OFFICE *(par 2-107a)*		
7. PARENT ORGANIZATION IS CLEARED *(If no, indicate reason under Remarks)*			8. DEGREE AND DATE OF CLEARANCE			9. DATE OF EFFECTIVE SECURITY AGREEMENT		

REMARKS

C. EMPLOYEE SECURITY EDUCATIONAL PROGRAM

1. EMPLOYEES NOTIFIED OF THEIR SECURITY RESPONSIBILITIES BY ☐ WRITTEN NOTICE ☐ ORAL NOTICE ☐ NONE

2. SECURITY EDUCATION PROGRAM CONSIDERED ☐ ADEQUATE ☐ INADEQUATE

ITEM	YES	NO	ITEM	YES	NO	ITEM	YES	NO
3. EMPLOYEES ARE PERIODICALLY INDOCTRINATED AS TO THEIR SECURITY RESPONSIBILITY			4. POSTERS AND PUBLICATIONS ARE UTILIZED IN THE SECURITY TRAINING PROGRAM			5. A PROCEDURE ON SECURITY MATTERS IS ESTABLISHED FOR INDOCTRINATION OF NEW EMPLOYEES		

REMARKS

D. MARKING

ITEM	YES	NO	ITEM	YES	NO	ITEM	YES	NO
1. BOOKS AND PAMPHLETS ARE CORRECTLY MARKED OR STAMPED			2. ESPIONAGE CLAUSE IS USED AS REQUIRED			3. CONTRACTOR SHOWS AUTHORITY TO REGRADE		
4. DRAWINGS, TRACINGS, PHOTOGRAPHS, ETC. ARE PROPERLY MARKED OR STAMPED			5. CORRESPONDENCE *(including letters of transmittal)* AND OTHER DOCUMENTARY MATERIAL ARE PROPERLY MARKED OR STAMPED			6. CONTRACTOR IS FAMILIAR WITH PROCEDURES IN CONNECTION WITH REGRADING INFORMATION		
7. MATERIAL AND EQUIPMENT ARE PROPERLY MARKED OR TAGGED								

REMARKS

E. CONTROL STATION

ITEM	YES	NO	ITEM	YES	NO	ITEM	YES	NO
1. CONTROL STATIONS HAVE BEEN SET UP *(Indicate number under Remarks)*			2. COMPLETE RECORDS ARE KEPT OF ALL CLASSIFIED DOCUMENTS RECEIVED AND DISPATCHED			3. ALL TOP SECRET DOCUMENTS ARE SERIALLY *(Indicate under Remarks if not applicable)* NUMBERED AND ACCOUNTED FOR		
4. IN RELEASING CLASSIFIED DOCUMENTS TO EMPLOYEES, CLEARANCE IS CHECKED BEFORE DELIVERY IS MADE			5. ACCOUNTABILITY IS MAINTAINED FOR ALL SECRET AND TOP SECRET DOCUMENTS			6. ACCESS RECORDS ARE MAINTAINED FOR TOP SECRET *(Indicate under Remarks if not applicable)*		
7. OUTGOING MAIL IS CHECKED TO ASSURE PROPER CLASSIFICATION			8. CONTROL STATION PERSONNEL ARE PROPERLY CLEARED			9. THE MAIL ROOM HANDLES CLASSIFIED DOCUMENTS PROPERLY		

REMARKS

F. STORAGE

EQUIPMENT	MATERIAL			
	TOP SECRET	SECRET	CONFIDENTIAL	CONF-MNA
1. THREE-POSITION COMBINATION LOCK, FIRE RESISTING, STEEL SAFE OR VAULT				
2. STEEL FILE CABINET SECURED BY STEEL BAR AND COMBINATION PADLOCK				
3. KEY LOCKED DESK OR FILE CABINET WITH CONTINUOUS GUARD APPROPRIATELY CLEARED				

ITEM	YES	NO	ITEM	YES	NO	ITEM	YES	NO
4. ARE PERSONNEL PROPERLY CLEARED WHO ARE AUTHORIZED TO HAVE ACCESS TO CONTAINERS IN WHICH CLASSIFIED MATERIAL IS STORED			5. NUMBER OF PERSONS HAVING ACCESS TO COMBINATIONS AND KEYS ARE KEPT TO A MINIMUM			6. COMBINATION HAS BEEN CHANGED IN ACCORDANCE WITH INDUSTRIAL SECURITY MANUAL		
7. AFTER HOURS INSPECTIONS PERFORMED			8. COMBINATION PADLOCKS ARE PROTECTED WHEN CABINETS ARE OPEN			9. OPEN STORAGE CONTAINERS ARE PROPERLY SUPERVISED		

REMARKS

G. TRANSMITTAL OF CLASSIFIED DOCUMENTS

ITEM	YES	NO	ITEM	YES	NO	ITEM	YES	NO
1. MESSENGERS ARE PROPERLY CLEARED			2. MESSENGERS HAVE BEEN DESIGNATED ORALLY			3. MESSENGERS HAVE BEEN DESIGNATED IN WRITING		
4. THIS IS PRIMARY DUTY OF MESSENGER			5. DOUBLE-SEALED OPAQUE CONTAINER USED EXCEPT FOR CONF-MNA			6. ORDINARY MAILS USED FOR TRANSMITTING CONF-MNA		
7. COGNIZANT SECURITY OFFICE HAS APPROVED INTRA-PLANT METHODS OF TRANSMITTAL			9. MESSENGERS ARE AUTHORIZED TO TRANSMIT TOP SECRET MATERIAL BEYOND THE FACILITY PROPERLY CLEARED AND APPROVED IN WRITING BY U.S. GOVT					
9. INNER CONTAINERS SHOW CLASSIFICATION, ADDRESS AND RETURN ADDRESS, EXCEPT FOR CONFIDENTIAL-MODIFIED-HANDLING			10. CONTRACTOR HAS BEEN ADVISED BY THE CONTRACTING OFFICER CONCERNED AS TO PROCEDURES FOR TRANSMITTING CLASSIFIED INFORMATION OUTSIDE THE CONTINENTAL LIMITS OF THE UNITED STATES					

REMARKS

H. SHIPMENTS

1. DESCRIBE METHOD OF SHIPMENT AND THE PROTECTIVE MEASURES EMPLOYED *(State whether entire route of finished product to sealed car, truck or mail is fully secured)*

2. STATE WHETHER INSTRUCTIONS FURNISHED THE CONTRACTING OFFICER PROVIDE ADEQUATE CONTROLS TO SAFEGUARD THE CLASSIFIED MATERIAL

I. REPRODUCTION AND GRAPHIC ARTS

1. STATE WHETHER CONTRACTOR UTILIZES OWN GRAPHIC ARTS FACILITIES AND IF SO DESCRIBE MEANS OF PRODUCTION, CLEARANCE OF PERSONNEL, PHYSICAL SAFEGUARD METHODS UTILIZED, CONTROL OF ALL COPIES INCLUDING METHOD OF NOTIFYING CONTROL STATION AND DESTRUCTION OF WASTE

2. LIST NAME(S) OF SUB-CONTRACTOR(S) FOR REPRODUCTION AND STATE WHETHER CLEARED, WHEN AND BY WHOM

J. DESTRUCTION

ITEM	YES	NO	ITEM	YES	NO	ITEM	YES	NO
1. CLASSIFIED MATERIAL HAS BEEN DESTROYED			2. RECORDS OF DESTRUCTION ARE MAINTAINED AND CERTIFICATES ARE FILED WHEN NECESSARY			5. WRITTEN AUTHORITY OBTAINED FROM THE CONTRACTING OFFICER FOR DESTRUCTION OF TOP SECRET, SECRET AND CONFIDENTIAL MATERIAL *(when necessary)*		
3. CLASSIFIED MATERIAL IS DESTROYED IN THE PROPER MANNER			4. CERTIFICATES OF DESTRUCTION ARE PROPERLY EXECUTED AND MAINTAINED					
6. CONTRACTOR(S) AVOIDS UNNECESSARY ACCUMULATION OF CLASSIFIED MATERIAL			7. AUTHORIZATION WAS RECEIVED TO RETAIN CLASSIFIED INFORMATION AFTER CONTRACT WAS COMPLETED					

8. DESCRIBE ARRANGEMENTS MADE FOR THE DISPOSAL OF CLASSIFIED WASTE INCLUDING DRAFTS, NOTES, DRAWINGS, CARBON PAPER, CARBON COPIES

REMARKS

K. CLEARANCE OF PERSONNEL

ITEM	YES	NO	ITEM	YES	NO	ITEM	YES	NO
1. LETTERS OF CONSENT ARE ON FILE FOR ALL PERSONNEL GRANTED GOVERNMENT CLEARANCE			2. CONTRACTOR(S) CHECK PERSONNEL RECORDS PRIOR TO GRANTING CONFIDENTIAL CLEARANCE			3. CITIZENSHIP OF PERSONNEL IS VERIFIED *(State how under Remarks)*		
4. IMMIGRANT ALIENS ARE PROPERLY CLEARED			5. A RECORD IS MAINTAINED OF ALL CLEARANCES			6. CONTRACTOR OBTAINS SECURITY TERMINATION STATEMENTS		

7. NAME OF PERSON WHO GRANTS COMPANY CONFIDENTIAL CLEARANCES; ALSO STATE WHETHER HE IS CLEARED, TO WHAT DEGREE AND INVESTIGATIVE BASIS FOR CLEARANCE

REMARKS

L. AREA CONTROL

ITEM	YES	NO	NON APPL	ITEM	YES	NO	NON APPL	ITEM	YES	NO	NON APPL
1. EMPLOYEES REQUIRED TO WEAR PICTURE-TYPE BADGES				2. BADGES ARE CODED ACCORDING TO AREA				3. BADGES ARE PROPERLY WORN			
4. AREAS ARE PROPERLY POSTED				5. RESTRICTED AND CLOSED AREAS ARE PROPERLY GUARDED AND CONTROLLED				6. OUTSIDE PATROL IS USED			
7. BUILDINGS, FENCES, GATES AND GROUNDS ARE ADEQUATELY GUARDED BY PATROL/WATCHMEN				8. EMPLOYEE ENTRANCE AND EXIT ARE CONTROLLED *(State how under Remarks)*				9. WINDOWS ARE PROTECTED TO PREVENT READY ENTRANCE AND OBSERVATION			
10. COMPANY FURNISHING PATROL IS ADEQUATELY CLEARED				11. PATROLMEN ARE CLEARED				12. SUPPLEMENTAL CONTROLS ARE USED *(If yes explain under Remarks)*			

13. EXPLAIN PROCEDURE FOR THE CONTROL AND ISSUANCE OF BADGES

REMARKS

M. CLASSIFIED VISITOR CONTROL

ITEM	YES	NO	ITEM	YES	NO	ITEM	YES	NO
1. A VISITOR'S REGISTER IS MAINTAINED			2. A RECORD IS MAINTAINED SHOWING AUTHORITY FOR EACH VISIT			3. VISITORS ARE ESCORTED TO AND FROM THEIR DESTINATIONS BY CLEARED PERSONNEL		
4. POSITIVE IDENTIFICATION IS REQUIRED OF VISITORS			5. A RECORD IS MAINTAINED OF WRITTEN AUTHORIZATION TO RELEASE CLASSIFIED INFORMATION TO VISITOR					

REMARKS

N. SUB-CONTRACTORS

ITEM	YES	NO	ITEM	YES	NO	ITEM	YES	NO
1. CONTRACTOR REQUESTS FACILITY CLEARANCE INFORMATION BEFORE NEGOTIATIONS ON CLASSIFIED SUB-CONTRACTS			2. CONTRACTOR NOTIFIES THE CONTRACTING OFFICER ABOUT CLASSIFIED SUB-CONTRACTS			3. APPROVAL OF CONTRACTING OFFICER OBTAINED BEFORE SUB-CONTRACTOR AUTHORIZED TO RETAIN CLASSIFIED INFORMATION		

REMARKS

O. SCTY RQR CHECK LIST

ITEM	YES	NO	ITEM	YES	NO	ITEM	YES	NO
1. CONTRACTOR REVIEWED COPIES OF DD FORMS 254 FOR EACH CONTRACT			2. CONTRACTOR IS UTILIZING DD FORMS 254 PROPERLY			3. PROCURING ACTIVITIES HAVE EXECUTED DD FORMS 254		
4. DD FORMS 254 ARE FURNISHED AND ARE APPLICABLE AT THE TIME OF CONTRACT AWARD			REMARKS					

P. CHECK TO DETERMINE WHETHER THE COGNIZANT SECURITY OFFICE HAS A LIST OF ALL CLASSIFIED CONTRACTS IN FORCE AT THIS FACILITY *(Includes Army, Navy and/or Air Force contracts). (If not, obtain from facility.)*

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APPENDIX 6

PROPOSED DD FORMS 254 AND DD FORM 254-1

Many of the recommendations offered by industry classification representatives have been incorporated into the DD Form 254 reproduced on the next two pages. The most significant revision is with regard to term, "classification guide." This guide would provide the specific guidance that has been lacking in tne present form.

Another possible solution follows the first proposal. This DD Form 254 and DD Form 254-1 has been prepared by the Classification Management Office of the Space Systems Division, Lockheed Missiles and Space Company. A detailed guide is also proposed. The main difference in the Lockheed proposal is the addition of a separate form for subcontracts.

(See DOD Industrial Security Regulation)

DEPARTMENT OF DEFENSE

SECURITY REQUIREMENTS GUIDE

(CLASSIFICATION SPECIFICATIONS)
(FOR PRIME AND SUBCONTRACTS INVOLVING CLASSIFIED INFORMATION)

(See Industrial Security Manual for Safeguarding Classified Information)

Information pertaining to classified contracts or projects, even though such information is unclassified, shall not be released for public dissemination except as provided in the Industrial Security Manual.

1. THIS GUIDE IS FOR:	2. CONTRACT NUMBER OR OTHER IDENTIFICATION NUMBER WITH COMPLETION DATE (Prime contracts must be shown for all subcontracts)	3. THIS GUIDE IS: (See note below)	DATE	4. FACILITY SECURITY CLEARANCE REQUIRED FOR CONTRACT PERFORMANCE OR FOR ACCESS TO CLASSIFIED INFORMATION
☐ a. PRIME CONTRACT	a. PRIME	☐ a. ORIGINAL GUIDE		☐ a. TOP SECRET
☐ b. SUBCONTRACT (Use Item 12 to identify further subcontracting)	b. SUBCONTRACT	☐ b. REVISED GUIDE (Supersedes all previous Guides)		☐ b. SECRET
☐ c. INVITATION TO BID OR REQUEST FOR PROPOSAL	c. INVITATION TO BID OR REQUEST FOR PROPOSAL	☐ c. FINAL GUIDE FOR CONTRACT TERMINATION OR COMPLETION		☐ c. CONFIDENTIAL

5a. NAME AND ADDRESS OF PRIME CONTRACTOR	b. NAME AND ADDRESS OF COGNIZANT SECURITY OFFICE

6a. NAME AND ADDRESS OF SUBCONTRACTOR (If applicable)	b. NAME AND ADDRESS OF COGNIZANT SECURITY OFFICE

(Use Item 12 to identify further subcontracting)

7. REFER ALL QUESTIONS PERTAINING TO CONTRACT CLASSIFICATION GUIDANCE TO THE OFFICIAL BELOW

a. Program/Project Manager or Activity	b. Address/Telephone Number

8. DEFENSE DOCUMENTATION CENTER SERVICES

a. Requested ☐ YES ☐ NO b. Approved ☐ YES ☐ NO c. Field of Interest Register Issued ☐ YES ☐ NO

9. PROPOSED PUBLICITY RELEASES SHALL BE SUBMITTED FOR APPROVAL PRIOR TO RELEASE ☐ DIRECT ☐ THROUGH (Specify):

TO THE DIRECTORATE FOR SECURITY REVIEW, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (Public Affairs) FOR REVIEW IN ACCORDANCE WITH PARAGRAPH 5a OF THE INDUSTRIAL SECURITY MANUAL.

10. RESTRICTED DATA IS ~~NOT~~ INVOLVED IN THIS CONTRACT. (If involved, check AEC/DOD Classification Guide) ☐ YES ☐ NO

REQUIRED DISTRIBUTION:

- ☐ PRIME CONTRACTOR (Item 5a)
- ☐ COGNIZANT SECURITY OFFICE (Item 5b)
- ☐ DIRECTOR, FEDERAL BUREAU OF INVESTIGATION WASHINGTON, D. C. (Only for Items 1a and 1b) (Attached sheets not required)
- ☐ SUBCONTRACTOR (Item 6a)
- ☐ COGNIZANT SECURITY OFFICE (Item 6b)

ADDITIONAL DISTRIBUTION:

- ☐
- ☐

11. SECURITY REQUIREMENTS GUIDE FOR SUBCONTRACTING FROM THIS ☐ PRIME CONTRACT ☐ SUBCONTRACT WILL BE APPROVED BY OFFICIAL BELOW. ~~Security~~ including reverse side of this Security Requirements Guide approved by Department of Defense contracting officer or his representative) attached

SIGNATURE

TYPED NAME AND TITLE OF APPROVING OFFICIAL

CONTRACTING MILITARY ACTIVITY AND ADDRESS

NOTE: Original Guides (Item 3a) are authority for contractors to mark classified information. Revised and Final Guides (Items 3b and c) are authority for contractors to remark the regraded classified information. Such actions by contractors shall be taken in accordance with the provisions of the Industrial Security Manual.

DD FORM 254 EDITION OF 1 OCT 64 IS OBSOLETE. PROPOSED 1 OCT 68 PAGE ____ OF ____ PAGES

...TIFICATION OF THE PROCUREMENT FOR WHICH THIS GUIDE APPLIES *(If classified, complete this item by separate document)*. DESCRIBE SUBCONTRACTING BEYOND FIRST TIER.

...DESCRIBE SPECIAL SECURITY REQUIREMENTS FOR CONTRACT. *(If classified, complete this item by separate correspondence bearing reference here)*. DESCRIBE HERE OR ON ATTACHED LIST CLASSIFIED MATERIAL AUTHORIZED FOR RETENTION.

TACHED CLASSIFICATION GUIDANCE SHEETS, DEFINE SPECIALIZED TERMINOLOGY USED AND IDENTIFY SPECIFIC ITEMS FORMATION REQUIRING CLASSIFICATION. ALSO INDICATE CLASSIFICATION ASSIGNED AND DOWNGRADING ASSIFICATION INSTRUCTIONS.

DEPARTMENT OF DEFENSE

SECURITY CLASSIFICATION GUIDE

(CLASSIFICATION SPECIFICATIONS)

1. LEVEL OF FACILITY CLEARANCE REQUIRED FOR CONTRACT PERFORMANCE OR FOR ACCESS TO CLASSIFIED INFORMATION

2. THIS GUIDE IS FOR:

☐ PRIME CONTRACT

☐ INVITATION TO BID OR REQUEST FOR PROPOSAL

2a. CONTRACT NUMBER OR OTHER IDENTIFICATION NUMBER

2b. PLANNED END OR TERMINATION DATE

3. TYPE OF GUIDE:

		DATE
	a. ORIGINAL	
	b. REVISED *(Supersedes all previous Guides*	
	c. FINAL FOR CONTRACT TERMINATION OR COMPLETION	
	d. POST-COMPLETION FOR CLASSIFICATION REVIEW/REVISION AFTER CONTRACT END DATE	

4. IF THIS IS A FOLLOW-ON CONTRACT ENTER PREVIOUS CONTRACT NUMBER BELOW ☐ NO

5. CONTRACT PERFORMANCE WILL REQUIRE

	YES	NO
GRAPHIC ARTS SERVICES/REPRODUCTION ONLY		
ACCESS TO CLASSIFIED AREAS OR INFORMATION ONLY		
MANUFACTURE OF CLASSIFIED HARDWARE		
GENERATION AND/OR RECIEPT OF CLASSIFIED DOCUMENTS		
ACCESS TO RESTRICTED DATA		
ACCESS TO CRYPTOGRAPHIC		
ACCESS TO COMMUNICATIONS ANALYSIS INFORMATION		

6a. NAME AND ADDRESS OF PRIME CONTRACTOR

6b. NAME AND ADDRESS OF COGNIZANT SECURITY OFFICE

7. REFER ALL QUESTIONS PERTAINING TO CLASSIFICATION TO THE OFFICE BELOW

ADDRESS

TELEPHONE NUMBER

8. DEFENSE DOCUMENTATION SERVICES

	YES	NO
a. REQUESTED		
b. APPROVED		
c. FIELD OF INTEREST REGISTER ISSUED		

9. Unclassified information pertaining to classified contracts or projects shall not be released for public dissemination except as provided by the Industrial Security Manual. Proposed publicity releases shall be submitted for approval prior to release to: ☐ direct ☐ through

TO THE DIRECTORATE FOR SECURITY REVIEW, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (PUBLIC AFFAIRS) FOR REVIEW IN ACCORDANCE WITH THE INDUSTRIAL SECURITY MANUAL (paragraph 5d).

REQUIRED DISTRIBUTION:

PRIME CONTRACTOR

COGNIZANT SECURITY OFFICE

DIRECTOR, FEDERAL BUREAU OF INVESTIGATION WASHINGTON, D.C.

ADDITIONAL DISTRIBUTION:

10. SECURITY CLASSIFICATION GUIDES FOR SUBCONTRACTING FROM THIS PRIME CONTRACT WILL BE APPROVED BY THE OFFICIAL BELOW OR HIS REPRESENTATIVE. THIS SECURITY CLASSIFICATION GUIDE AND GUIDANCE REFERENCED IN ITEM 16 APPROVED

SIGNATURE

TYPED NAME AND TITLE OF APPROVING OFFICIAL

CONTRACTING ACTIVITY AND ADDRESS

DD FORM 254 PREVIOUS EDITIONS OF THIS FORM ARE OBSOLETE.

RACT NUMBER OR OTHER
'IFICATION NUMBER FOR
CLASSIFICATION GUIDE _____

OF THIS GUIDANCE _____

12. IF THIS IS NOT AN ORIGINAL GUIDE ENTER DATE OF SUPERSEDED GUIDE

SPECIAL SECURITY REQUIREMENTS CONTAINED
HIS CONTRACT

YES ☐ NO ☐

14. CLASSIFIED DOCUMENT RETENTION (POST—COMPLETION GUIDES ONLY)

RETENTION AUTHORIZED UNTIL _____ DATE

DISPOSITION TRANSFERRED TO _____ (contract number)

IL IDENTIFICATION OF THE PROCUREMENT FOR WHICH THIS CHECK LIST APPLIES *(If classified, complete this item by correspondence)*

.Y IDENTIFY ALL SEPARATE GUIDANCE THAT IS MADE A PART OF THIS DD 254 BY REFERENCE

IS NOT AN ORIGINAL GUIDE IDENTIFY ALL REVISIONS, ADDITIONS, AND DELETIONS EFFECTED BY THIS

Final and Post-Completion guides are authority for contractors to remark regraded classified information.

ACHED CLASSIFICATION GUIDANCE SHEETS, DEFINE SPECIALIZED TERMINOLOGY USED AND IDENTIFY SPECIFIC ITEMS
DRMATION REQUIRING CLASSIFICATION. ALSO INDICATE CLASSIFICATION ASSIGNED AND DOWNGRADING
SIFICATION INSTRUCTIONS.

DEPARTMENT OF DEFENSE

SECURITY CLASSIFICATION GUIDE

(SUBCONTRACT CLASSIFICATION SPECIFICATIONS)

1. LEVEL OF FACILITY CLEARANCE REQUIRED FOR CONTRACT PERFORMANCE OR FOR ACCESS TO CLASSIFIED INFORMATION

2. THIS GUIDE IS FOR:
- ☐ SUBCONTRACT
- ☐ INVITATION TO BID OR REQUEST FOR PROPOSAL

2a. SUBCONTRACT OR OTHER IDENTIFICATION NUMBER AND PLANNED END DATE

2b. IF THIS IS A FOLLOW-ON CONTRACT ENTER PREVIOUS CONTRACT NUMBER

3. TYPE OF GUIDE:

		DATE
a.	ORIGINAL	
b.	REVISED *(Supersedes all previous Guides*	
c.	FINAL FOR CONTRACT TERMINATION OR COMPLETION	
d.	POST-COMPLETION FOR CLASSIFICATION REVIEW/REVISION AFTER CONTRACT END DATE	

4. THIS IS A: 1st ☐ 2nd ☐ 3rd ☐ 4th ☐ TIER SUBCONTRACT

NEXT HIGHEST TIER CONTRACT NUMBER (awarding contractors contract number)

5. CONTRACT PERFORMANCE WILL REQUIRE

	YES	NO
GRAPHIC ARTS SERVICES/REPRODUCTION ONLY		
ACCESS TO CLASSIFIED AREAS OR INFORMATION ONLY		
MANUFACTURE OF CLASSIFIED HARDWARE		
GENERATION AND/OR RECIEPT OF CLASSIFIED DOCUMENTS		
ACCESS TO RESTRICTED DATA		
ACCESS TO CRYPTOGRAPHIC		
ACCESS TO COMMUNICATIONS ANALYSIS INFORMATION		

6a. NAME AND ADDRESS OF AWARDING CONTRACTOR

6b. NAME AND ADDRESS OF COGNIZANT SECURITY OFFICE

7a. NAME AND ADDRESS OF SUBCONTRACTOR

7b. NAME AND ADDRESS OF COGNIZANT SECURITY OFFICE

8. REPORTS PERTAINING TO CLASSIFICATION TO THE AWARDING CONTRACTOR *(Item 6a)*

COMPANY OFFICIAL _____ TELEPHONE _____

9. DEFENSE DOCUMENTATION SERVICES

	YES	NO
a. REQUESTED		
b. APPROVED		
c. FIELD OF INTEREST REGISTER ISSUED		

10. Unclassified information pertaining to classified contracts or projects shall not be released for public dissemination except as provided by the Industrial Security Manual. Proposed publicity releases shall be submitted for approval prior to release to: ☐ direct ☐ through

TO THE DIRECTORATE FOR SECURITY REVIEW, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (PUBLIC AFFAIRS) FOR REVIEW IN ACCORDANCE WITH THE INDUSTRIAL SECURITY MANUAL (paragraph 5-8).

REQUIRED DISTRIBUTION:

AWARDING CONTRACTOR *(Item 6a)*

SUBCONTRACTOR *(Item 7a)*

COGNIZANT SECURITY OFFICES *(Items 6b & 7b)*

DIRECTOR, PERSONNEL SECURITY INVESTIGATIONS, WASHINGTON, D.C. *(Only for contracts)*

ADDITIONAL DISTRIBUTION:

11. SECURITY CLASSIFICATION GUIDES FOR SUBCONTRACTING FROM THIS SUBCONTRACT WILL BE APPROVED BY THE OFFICIAL BELOW OR HIS REPRESENTATIVE. THIS SECURITY CLASSIFICATION GUIDE AND GUIDANCE REFERENCED IN ITEM 16 APPROVED

SIGNATURE

TYPED NAME AND TITLE OF APPROVING OFFICIAL

CONTRACTING ACTIVITY AND ADDRESS

DD FORM 254-1 PREVIOUS EDITIONS OF THIS FORM ARE OBSOLETE. PAGE 1 OF _____ PA

(FOR SUBCONTRACT INVOLVING CLASSIFIED INFOIRMATION)

TRACT NUMBER OR OTHER TIFICATION NUMBER FOR CLASSIFICATION GUIDE _____ OF THIS GUIDANCE _____	13. IF THIS IS NOT AN ORIGINAL GUIDE ENTER DATE OF SUPERSEDED GUIDE
SPECIAL SECURITY REQUIREMENTS CONTAINED HIS CONTRACT YES ☐ NO ☐	15. CLASSIFIED DOCUMENT RETENTION (TERMINATED OR COMPLETED CONTRACTS) RETENTION AUTHORIZED UNTIL _____ DATE DISPOSITION TRANSFERRED TO _____ (contract number)

IAL IDENTIFICATION OF THE PROCUREMENT FOR WHICH THIS CHECK LIST APPLIES *(If classified, complete this item by ite correspondence)*

LY IDENTIFY ALL SEPARATE GUIDANCE THAT IS MADE A PART OF THIS DD 254 BY REFERENCE

IS IS NOT AN ORIGINAL GUIDE IDENTIFY ALL REVISIONS, ADDITIONS, AND DELETIONS EFFECTED BY THIS E

and ; Final and Post-Completion guide s are authority for contractors to remark regraded classified information.

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CONTRACT INVOLVING
D INFORMATION)